FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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EEC comes to terms with disunity on farm policy, Page 3

NEWS SUMMARY

GENERAL

Beirut gunmen kidnap consul

Six gunmen kidnapped Saudi Arabian consul Hussein Farrash on a day when Beirut enjoyed a respite from the heavy shelling that killed 22 on Monday.

After exchanging fire with Lebanese soldiers, the gunmen ambushed the consul's car, and shot and wounded his bodyguard.

In the Syrian capital of Damascus, leaders of the Palestine Liberation Front, including its secretary-general Talaat Jacoub, were kidnapped by rebel members of the guerrilla organisation, which is a faction of the PLO. Page 4

Nuclear plant halt

A Regensburg, Bavaria, court ordered a halt to building a nuclear power station near Landshut after farmer Franziska Beck complained it that would harm her and her livestock. Page 2

Tory rebels fail

A British Bill to limit local control over property taxes passed a key vote in the House of Commons despite a rebellion by MPs of the ruling Conservative Party. Debate, Page 9

O Fiaich rebuked

The Irish Government has rebuked Irish primate Cardinal Tomas O Fiaich for saying that people might be morally justified in joining or voting for Sinn Fein, the political wing of the Irish Republican Army.

Moscow attacked

The Spanish Communist Party accused its Soviet counterpart of unacceptable interference in supporting the formation of a rival, pro-Soviet group in Spain.

Basque election

Basque regional Premier Carlos Garaikoetxea dissolved the local parliament and called elections for February 26. Terrorism and the extent of autonomy will be the main issues. Page 3

Spanish police killed

Three Spanish Civil Guards were killed in a gunfight near Valencia with bandits, one of whom was killed.

Muldoon attacks CAP

New Zealand Premier Robert Muldoon called the EEC Common Agricultural Policy economic lunacy, and hoped its budgetary problems would bring it down.

Indian farmers shot

Indian police shot dead three farmers during renewed protests against the planned government takeover of their land near Bombay. On Monday two people were killed and about 100 wounded in battles with police.

Marquess suspended

Dr Cristobal Martinez Bordiu, Marquess of Villaverde and son-in-law of the late dictator General Francisco Franco, was suspended without pay for five years from his job as head of the heart department in a Madrid hospital. A patient had died when he was not there. A Health Ministry official said the Marquess had been on sick leave.

Cannibals shot

Three members of a gang that eats its victims have been shot during an attempted jailbreak in the central Philippines.

Crocodiles stolen

A Taiwanese couple has been arrested for stealing 118 crocodiles from a farm. The reptiles were found in their fishpond.

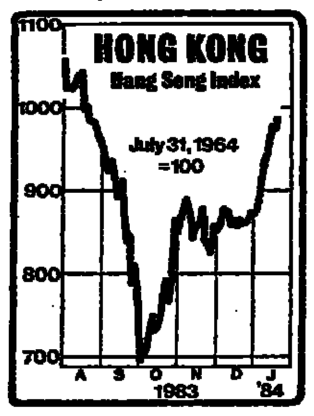
BUSINESS

Ford to close plant in Ireland

FORD IRELAND is to close its assembly plant in Cork, where the U.S. motor group set up one of its first plants in 1917. Page 16

DOLLAR improved after a weak start to the day to rise to DM 2.809 (from DM 2.796), FFr 8.5875 (FFr 8.5525), SwFr 2.236 (SwFr 2.219), and Y234.3 (Y233.25). Its Bank of England trade-weighted index rose from 131.2 to 131.4. In New York it closed at DM 2.81075, FFr 8.595, SwFr 2.23875 and Y234.075. Page 35

STERLING fell 95 points to $1.411, and to DM 3.965 (DM 3.975), FFr 12.115 (FFr 12.1425) and Y331 (Y331.5), but rose to SwFr 3.1575 (SwFr 3.155). Its trade weighting, logged before the close, was 82.3 (82.2). In New York it closed at $1.4085. Page 35



LONDON: FT Industrial Ordinary index fell 6.6 to 807.1. Government securities showed some marginal falls. Report, Page 29; FT Share Information Service, Pages 30–32

WALL STREET: Dow Jones industrial average closed 3.87 up at 1,271.46. Report, Page 25; Full share prices, Page 26–28

HONG KONG: Hang Seng index, benefiting from improved morale after Chinese assurances about the territory's future, gained another 14.55 despite profit-taking, to reach 989.72. Report, Page 25; Leading share prices, Page 28

TOKYO: Nikkei Dow index rose 4.6 to 10,155.57, a closing record high. The Stock Exchange index was 7.9 higher at 763.03. Report, Page 25; Leading prices, other exchanges, Page 28

GOLD rose $1 in London to close at $367.125. In Frankfurt it fell $1.5 to $367.75, and in Zurich it closed $1.5 down at $367.75. In New York, the Comex January settlement was $369.8 ($370.1). Page 34

UK-NETHERLANDS talks are going on about the possibility of building a two-way gas pipeline between the countries. Page 11

NIGERIA made a $110m payment on schedule, on a $1.2bn loan raised in 1977.

MOBIL, the U.S. oil major, is seeking to establish a trust to absorb revenues from a Texas property, in a tax-saving move. Page 16

BRITISH SHIPBUILDERS announced 800 redundancies at the Scott Lithgow yard on the Lower Clyde, with a further 2,200 by March. Page 16

CITICORP, biggest U.S. banking group, reported 1983 net income 19 per cent up at a record $860m. Page 17

BRITISH AIRWAYS, influenced by the cost of building bases, has cancelled plans to run a Hong Kong-Macao helicopter service.

BROKEN HILL Proprietary, Australia's biggest company, is close to settling details of its $2.4bn purchase of the Utah resources group from General Electric of the U.S. Page 18

ELDERS IXL of Australia is raising up to A$326m (U.S.$295m) in new shares and options to pay for its proposed takeover of Carlton and United Breweries.

'Serious intent' at Stockholm talks encourages Shultz

BY BRIDGET BLOOM AND ANTHONY ROBINSON IN STOCKHOLM

Mr George Shultz, the U.S. Secretary of State, called for a "renewed open and comprehensive dialogue" to create a "turning point" in East-West relations in his keynote speech at the opening of the European disarmament conference (CDE) in Stockholm yesterday.

After a day of intensive bilateral meetings with foreign ministers from both East and West, Mr Shultz later added that he had been encouraged by the seriousness of purpose and intent shown by ministers. "The conference has got off to a good start," he said.

Mr Oskar Fischer, the East German Foreign Minister, was the first Warsaw Pact delegate to address the conference. He blamed U.S. deployment of new nuclear missiles in Europe for increasing tension in East-West relations and then reiterated certain disarmament proposals endorsed by the Warsaw Pact at its Prague summit a year ago. The proposals have already been rejected by Nato as "declaratory," vague and unenforceable.

The first six include the renunciation of the first use of nuclear weapons, a treaty renouncing the first use of force in the solution of disputes between Nato and the Warsaw Pact, a freeze on nuclear arsenals, and the creation of nuclear-free zones in Europe, as well as a ban on chemical weapons and reductions in military budgets.

Only on the seventh offer – to expand current confidence-building measures to prevent surprise attack in Europe – do the Warsaw Pact proposals approach those of Nato.

In his speech, Mr Shultz said a six-point Nato package of proposals, to be presented over the next weeks, would be designed to increase openness and communication and to provide greater reassurance against any possibility of surprise attack by conventional forces in Europe.

The Secretary of State said he would welcome in a positive spirit any proposals by any member-state of the 35-nation conference, but added that they had to be "militarily significally binding, verifiable and applicable to the whole of Europe."

Without mentioning the Soviet Union by name, he then went on to insist that the U.S. would "continue to hold nations accountable for failure to live up" to the principles of the Helsinki Final Act of 1975, an agreement from which the present conference has emerged.

Mr Shultz made one new arms control proposal: an announcement that the U.S. would present a draft treaty for the complete and verifiable elimination of chemical weapons, to the United Nations disarmament committee now meeting in Geneva. He blamed the Soviet Union for the breakdown of the other important arms-control talks which, he said, the U.S. remained ready to resume at any time.

His remarks presage tough talking at his meeting this afternoon with Mr Andrei Gromyko, the Soviet Foreign Minister. The U.S. has made clear its intention to raise the controversial issue of the alleged Soviet non-compliance with existing arms control agreements.

During the first day of the conference there was no attempt to hide the deep divisions between the two leading alliances. The official speeches by both Nato and Warsaw Pact ministers, underlined big differences both on the purpose of the

Continued on Page 16

Modest goals for conference, Page 3; Zhao urges nuclear pact, Page 5

White Consolidated to rescue Wibau offshoot

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT, IN LONDON

WHITE Consolidated Industries of the U.S. has stepped in to save Blaw Knox, the British construction equipment manufacturer. The UK concern is the first company associated with IBH Holdings to be rescued since the West German construction equipment empire collapsed last November.

The move by the U.S. consumer and industrial equipment company will create one of the world's largest manufacturers of asphalt road-laying equipment. Blaw Knox was bought for an undisclosed sum and was the highest of several offers received by receivers Ernst and Whinney.

The deal comes shortly after White Consolidated's announcement in December that it was planning a £5m ($7.05m) expansion of its UK machine tool factory in Birmingham, creating up to 200 jobs.

Negotiations are still under way with potential buyers for other parts of the IBH empire – such as construction equipment manufacturer Terex, which employed 1,500 people in Scotland, Hymac and Hanomag – all of which were dragged down when their parent collapsed.

Egon Kretschmer, receiver at Hanomag, the West German construction equipment manufacturer, announced yesterday that negotiations were in progress for the takeover of the company, although he would not reveal the identity of the latest bidder.

Orenstein and Koppel and Leibherr Group of West Germany, and Dresser Industries of the U.S. are being tipped as potential buyers of the IBH subsidiary.

White Consolidated decided to buy Blaw Knox because it already owns the Blaw-Knox construction equipment company in the U.S. The acquisition will give it the opportunity to strengthen its position in European and world markets, rationalise its product lines, and transfer technology.

Mr John B. Schulze, the White Consolidated executive responsible for the Blaw Knox negotiations, said that both companies made asphalt-laying machines but "different models and sizes. Some new products from the U.S. could be made in the UK, but this is not an immediate goal."

Blaw Knox went into receivership last November after the collapse of its parent, Wibau, which had followed IBH, a major shareholder into liquidation.

It had two UK operations: a sales and service, and a factory, employing 650 people in all. The last redundancies were declared in a batch of 300 last week, while negotiations with White Consolidated were in progress.

White Consolidated plans to restart production this week.

Oil stake in U.S. for French petrol discounter Leclerc

BY DAVID MARSH IN PARIS

FRANCE'S Edouard Leclerc supermarket group, the country's leading retail organisation, is taking a 20 per cent stake in a small family-owned U.S. oil company, Oil Recovery Corporation of America (Orca) based in Nashville, Tennessee. The deal is worth $10m over the next four years.

The transaction, which has just been authorised by the French Treasury, will give the Leclerc organisation – leading seller of cut-price petrol in France – a foothold in the U.S. oil market and a stake in future reserves discovered by Orca.

The deal is small by international standards but represents an important innovation by a French retail company. The Edouard Leclerc organisation, based on a co-operative structure which groups together 450 outlets throughout France, has been built up over the past 35 years to a retailing empire with annual sales of FFr 36.6bn ($4.28bn).

The group, presided over by its founder M Edouard Leclerc, led a spirited battle last summer against Government-imposed minimum petrol prices. After months of sporadic clashes over the group's illegal petrol pump discounts, the Government finally gave way and raised the maximum rebates that can be given on petrol sold at French pumps.

M Michel Leclerc, the son of Edouard, who is in charge of the group's petrol operations, said last night that the deal would not necessarily give the organisation direct, immediate access to U.S. oil supplies. But it gave the Leclercs a direct link with the crude oil market and showed that his father – who started his business in a shed in Brittany in 1949 – was now "more than just a cut-price grocer."

The group's oil import licence was revoked by the Government during the summer as a reprisal over the discount war, but it is due to be reinstated in February.

The Leclerc organisation plans fresh cut-price sales campaigns in coming months in other areas closely controlled by the Government or established sales federations such as tobacco, perfumes and pharmaceuticals.

M Edouard Leclerc's younger brother, also called Michel, who runs a separate petrol station business, has recently sparked protests from the French motor trade by announcing a scheme to sell cut-price imported cars in his commercial network.

Mobil plans royalty trust, Page 16

U.S. home taping on VCRs 'not covered by copyright'

By Louise Kehoe in San Francisco

AMERICANS MAY use home video recorders to tape television programmes without violating television copyrights, the U.S. Supreme Court ruled yesterday in a decision with broad implications for video manufacturers and for the TV and movie industries.

The five-to-four ruling ends a seven-year judicial battle between movie makers and the manufacturers of video cassette recorders (VCRs). Hollywood has argued that uncontrolled recordings of its works prevents the industry from collecting royalty fees.

In November 1976 Universal Studios and Walt Disney Productions filed suits against Sony Corporation of America, a major manufacturer of home video equipment, Sony's advertising agency, four California retailers and a single consumer, claiming that the use of Sony Betamax recorders to tape television shows infringed the right of copyright owners.

Yesterday's Supreme Court's decision overturned that of a lower court, which had said in 1981 that manufacturers of VCRs were responsible for illegal copyright infringement by consumers who used the machines to tape broadcast television.

Consumer groups who have lobbied against the imposition of restrictions or copyright fees hailed the Supreme Court ruling as a significant victory.

"The decision reaffirms the right of the 10m Americans who own videotape recorders to record television programmes for their own personal use. The court has ruled that 'time shifting's, the recording of a programme for viewing at a more convenient time, is 'fair use' and does not hurt Hollywood," a spokesman for the Home Recording Rights Coalition said.

Justice John Paul Stevens wrote in a majority opinion: "One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch television every day have made it unlawful to copy a programme for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible."

"It is not our job to apply laws that have not yet been written,"

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U.S. warns it may end air pact with UK

BY CHRIS SHERWELL IN SINGAPORE AND FRANK GRAY IN LONDON

THE U.S. Government yesterday warned that it was considering termination of its Bermuda II air services agreement with Britain as part of a new get-tough policy against "imbalanced" bilateral air transport pacts. The agreement spells out aviation rights for North American and British airlines flying to and beyond the two countries.

The veiled threat came from Mr Dan McKinnon, head of the U.S. Civil Aeronautics Board (CAB), in remarks at a Financial Times Conference on Aerospace in Asia. His comments at the conference in Singapore were read in his absence by Miss Barbara McConnell, vice-chairman of the CAB.

The U.S. has been dissatisfied with the accord for some time, and its concern has been cited in talks with the UK over last spring's application by People Express of the U.S. to offer cut-price services to the UK. It has been voiced also as part of more recent complaints by Pan American World Airways over the levels of fares charged by British Airways on its London-to-New York Concorde services.

According to Mr McKinnon, the U.S. in the late 1970s gave away valuable route rights to U.S. cities without in practice getting the pricing flexibility or relaxed capacity restrictions it had bargained for. "The intended purpose – a balance of benefits – often was not accomplished," he said.

Washington's new attitude would be to ensure true benefits, or "actual economic rights," in return for rights granted.

The U.S. would "re-evaluate the merits of continuing existing agreements" with any aviation partner that acted to create further traffic imbalances, and would insist on reviewing rights previously negotiated but not yet granted, he said.

Mr McKinnon warned foreign airlines of the provisions of the 1979 International Air Transportation Competition Act in the U.S., which allows the CAB to deal with allegations of unfair, restrictive or discriminatory practices by foreign governments or airlines.

"No longer can we, or will we, ignore the actions of foreign governments and carriers which violate the spirit of our agreements," he warned.

In London, the Department of Transport said it had no formal notification of any dissatisfaction by the CAB with the accord. Bermuda II was signed in 1976 after a protracted dispute between the two countries. It takes its name from the original agreement signed in

Continued on Page 16

Engine makers warned, Page 4; Discounts under scrutiny, Page 10

UK industrial output lags behind demand

BY MAX WILKINSON IN LONDON

BRITAIN'S industrial output rose slightly in November, but the recent pace of recovery appears to be much slower than the growth of consumer spending.

The large gap between the increase in consumer demand and the rise of manufacturing output suggests that the British economy continues to suck in imports at a rising rate.

Official figures released yesterday showed that the index of output from all UK production industries rose by about ½ per cent to 101.4 (1980=100) between October and November. In the three months to November, output was 3 per cent higher than in the same period a year earlier, but part of that represented increased oil production.

Manufacturing output rose by ½ per cent in the September to November period compared with the level in the previous three months and was 2 per cent higher than in the same period a year earlier.

British manufacturing output in the first nine months of 1983 was only ½ per cent above its average for the first nine months of 1982, and the output of the consumer goods industries rose only 2 per cent between the two periods.

By contrast, retail sales have been rising steadily through the year and the total volume of sales

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Comecon trade should improve, Page 6; Sterling "still undervalued," Page 15; Lex, Page 16

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EUROPEAN NEWS

BUNDESBANK HAILS 'HAPPY BALANCE' FOR CURRENCY

Reserve role pressure on DM eases

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank reports that the pressure for the D-mark to play a markedly bigger role as a world reserve currency has now clearly eased. Its latest monthly report attributes the relaxation both to the revival of the U.S. dollar and to the growing international use of the yen.

"The D-mark share of world foreign exchange reserves is now within limits appropriate to the Federal Republic's economic importance," the report says.

Only a few years ago, when the dollar was plunging, the Bundesbank feared the D-Mark might be thrust into a reserve role too big and instable for West German money and capital markets. The bank was also irritated by frequent foreign advice not to resist the pressure of the "market" and to accept the new reserve role as an international obligation.

In 1980, at the height of the trend, nearly 14 per cent of hte world's official foreign exchange reserves were in D-marks (compared to less than 8 per cent in the mid-1970s), and almost 69 per cent were in dollars.

The Bundesbank notes that in 1982, the latest year for which comparative figures are available, the D-mark share had dropped to 11.6 per cent and that of the dollar had risen to 71.4 per cent.

Among those to cut their D-mark holdings in 1981 and 1982 were monetary authorities in the oil-producing and developing countries, who needed the funds to finance balance of payments deficits.

On the other hand, the West German currency holdings of member states of the European monetary system have tended to increase. Central banks have frequently built up a "store" of D-marks to use later in intervention to support their own currencies.

The Bundesbank puts the total amount of D-Mark assets held by foreigners in West Germany in mid-1983 at DM 306bn (£7.7bn) of which nearly one third is invested in enterprises and more than a third in the banking system.

The figure is nearly double that of 1979 but most of the increase came in the period to mid-1981. After that, the growth rate slowed as the U.S. began to cut its inflation rate and the dollar regained its attractiveness as an investment currency.

The Bundesbank underlines that the "happy balance" for the D-Mark, neither too weak nor burdened by an excessive reserve role, has been achieved with virtually no resort to capital controls. The bank has repeatedly expressed its opposition to such controls over the past few days, following demands from the political opposition for European action to "decouple" from the impact of U.S. monetary and currency policy.

Court blow to Bavarian nuclear plant

BY RUPERT CORNWELL IN BONN

A district court in Regensburg, Bavaria, has deelt a blow to West Germany's hard won nuclear power programme by ordering a halt to building work on the 1,300 MW Isar II station near the town of Landshut.

The decision, which took both the industry and opponents of nuclear energy much by surprise, was in response to a private suit brought by the owner of a nearby farm.

The farmer, Frau Franziska Beck, had claimed that the station, which will use the pressurised water system and cost DM 5.4bn ($1.95bn), would imperil her health and that of her livestock.

The judge in effect upheld her plea by ruling that several subsequent changes in the design of the plant had not been properly authorized.

A spokesman for the utility group, headed by Bayernwerk AG, which ordered the plant, said he was dismayed by the decision. An appeal would quickly be lodged, he declared.

Even so, a subtantial delay in the project, on which work began in August 1982, seems certain. Obervers put the hold-up at anything between a few months and as much as two or three years. Isar II was due to come on stream in 1988.

The decision will, moreover give a fillip to the anti-nuclear cause in West Germany, which has lost some of its steam since the present centre-right coalition, firmly committed to civil nuclear energy, took over in Bonn 15 months ago.

Nuclear power accounted for 21 per cent of total electricity generation in West Germany in 1982, up from 17 per cent a year earlier.

But more modest projections of future energy demand have removed some of the programme's urgency. The judge in Regensburg argued that a hold-up to Isar II would not endanger Bavaria's energy supply outlook.

Genoese steelmen in 24-hour stoppage

By Alan Friedman in Milan

STEELWORKERS in Genoa yesterday staged a four-hour strike in protest against staff cuts which form part of the restructuring plan being introduced by Finsider, the state steel company.

Yesterday's stoppage was the latest in a series of strikes which have hit the troubled Italian steel industry. Most of the labour unrest has been concentrated in the Naples and Genoa areas. In Naples yesterday, steelworkers held a demonstration march.

Further strikes are planned for today and next week in the Genoa area and there is talk among the main Italian unions of a possible general strike in Genoa towards the end of this month.

The strikes come in the wake of Italy's failed attempt to win support from the European Commission for its demand for a larger EEC steel quota. An EEC Council of Ministers meeting planned for January 26 is expected to take a final decision.

● Italy had its first trade surplus for exactly four years in November, thanks to fast growing exports and the containment of imports, James Buxton in Rome writes.

Figures released by Istat, the government statistical office, show a surplus for the month of L678bn ($400m) on exports of L11,197bn and imports of L10,519bn.

France cuts trade deficit by more than a half

BY PAUL BETTS IN PARIS

FRANCE CUT its trade and current account deficits last year by more than half, after another strong trade performance in December, the Trade Ministry reported yesterday. Latest figures show that for the first time in 12 months, France had a small monthly trade surplus both on a gross and seasonally adjusted basis.

The trade balance last month showed a gross surplus of FFr 800m (£65.9m) and a seasonally adjusted surplus of FFr 2m. For the whole of 1983, the trade deficit was reduced to FFr 42.25bn (£3.48bn) from FFr 93.31bn (£7.68bn) in 1982. This is far better than the Government had expected at the beginning of last year when it was aiming to hold it down to FFr 60bn. It now hopes to balance its trade accounts this year.

The Trade Ministry also said yesterday that it expects France's current account deficit to be reduced to FFr 32.7bn in 1983 from FFr 79.3bn the previous year. A FFr 1.7bn surplus is forecast for the last quarter compared with a FFr 300m deficit in the third quarter.

This encouraging performance was cited yesterday by M Jacques Delors, the Economy and Finance Minister, as one of the reasons why he considered the French economy had ended the year well.

The reduction of the trade deficit, which had been running at a monthly rate of FFr 7bn-FFr 11.5bn in the early part of last year, was due more to an increase in exports than to a significant drop in imports, he said.

M Delors also said that there had been a significant fall in inflation which he expected to continue to decline. Investments were now in net recovery

To stimulate investment, especially in industry, the minister announced that the total funds available under the Government's industrial modernisation savings programme would be increased to FFr 60bn this year from FFr 50bn last year. He added that 1983 had been a record year for savings in France, with primary bond market volume rising 35 per cent and the total of risk capital raised in France showing a four-fold increase from the FFr 5bn in 1982.

M Delors expects the Government to limit its borrowings this year on the domestic bond market to 25 per cent of all primary issues. These are again expected to total about FFr 200bn, with the Government raising about FFr 50bn in two or three tranches. It raised FFr 47bn through the domestic bond market last year compared to FFr 40bn in 1982.

Jobs in shipbuilding threatened

BY OUR PARIS CORRESPONDENT

SOME 3,000 workers yesterday occupied one of France's main shipyards on the Mediterranean as the Government stepped in with aid to prevent further job losses elsewhere in the industry.

The occupation of the shipyard at La Seyne came in response to the announcement on Monday by the management of Chantiers du Nord et de la Méditerranee (Normed) that it might have to cut as many as 5,600 of its 11,000 workforce. Normed has shipyards at La Seyne, La Ciotat—also on the Mediterranean—and Dunkirk.

It avoided bankruptcy last year through an injection of FFr 750m of state aid. It is seeking a further FFr 1.3bn this year. The management's proposals are seen as a forerunner of a major restructuring of the shipbuilding industry.

The fresh aid that emerged yesterday for the industry will benefit the other main shipbuilding group, Alsthom-Atlantique. The Government has decided to make available about FFr 275m to enable Alsthom's yards at Saint-Nazaire to recapture orders for two ships lost to Yugoslavia.

This follows the outcry in France when Alsthom, the engineering subsidiary of the nationalised Compagnie Generale d'Electricite, let it be known that Yugoslavia had won orders for four ships because of the French Government's delay in intervening on its behalf.

Normed's threat of redundancies came in the form of a statement to the works council. Faced by a collapse of orders, the management put forward a number of scenarios. The most drastic would involve the loss of 5,600 jobs and the closing down of one yard—probably Dunkirk. Another would mean the loss of 3,600 jobs but continuing production at all three yards.

Right at odds over European elections list

By David Marsh in Paris

FRENCH right-wing opposition parties are squabbling over their strategy for fighting the European parliamentary election in June.

A top level meeting yesterday between the two main partics—ex-President Valery Giscard d'Estaing's UDF grouping, and the neo-Gaullist RPR led by M Jacques Chirac—failed to break the deadlock over whether the opposition should present one or two lists.

Mme Simone Veil, former Health Minister in the Giscard government and president of the EEC parliament from 1979-1982 who also attended the meeting, is insisting that she should lead a joint list.

The first political casualty of the disagreement was announced yesterday afternoon. M Francois Leotard, secretary general of the small Republican party which is affiliated to the UDF, said he was resigning from the UDF's political council because the party appeared to be giving in to Mme Veil.

The ruling Socialist Party is also trying to make up its mind on which politician should lead its own list.

M Jacques Delors, the Finance Minister, has been recommended by M Lionel Jospin, the Socialist Party's first secretary, as the man most likely to rally the left-wing vote. M Delors said yesterday he was not ruling out the idea, but it would prevent him carrying out his ministerial duties

In the mounting controversy on the Right, Mme Veil's insistence on a single list is supported by the RPR but contested by the UDF. The latter wants to present its own list to redress its image—somewhat battered after the electoral defeat owof M Giscard d'Estaing as a credible and separate force.

Paris may call tripartite EEC meeting

By Our Paris Staff

FRANCE IS contemplating presenting a proposal to hold a meeting of European government ministers, labour leaders and representatives of industry and business, as part of a series of initiatives on European industrial and economic problems.

The tripartite meeting forms part of the initiatives France had intended to put forward during its presidency of the EEC, but which have been overshadowed by the crisis inside the EEC after the failure of the Athens summit.

Although a tripartite meeting was held in 1979 bringing together government officials, labour representatives and business figures, it was generally regarded to have been unsuccessful. Senior French Government officials now suggest the time may be again ripe for such an initiative which they believe could have some chances of success.

Such a meeting would be designed to try to help strengthen, among other things, some of the Community's economic and industrial structures.

M Jacques Delors, the French Economy and Finance Minister, has again called recently for new concerted European initiatives to strengthen the role of the European Monetary System and the Ecu.

However, France is now putting the emphasis on bilateral contacts in its European Community diplomacy. These negotiations started this week with talks in Paris with Herr Hans Dietrich Genscher, the West German Foreign Minister.

Yugoslavia and IMF fail to agree loan conditions

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

TEN DAYS of talks in Belgrade about a possible new International Monetary Fund standby credit for Yugoslavia have ended inconclusively. Yugoslav and Fund officials failed to agree on key policy adjustments for 1984. But they are to resume talks next month.

This hiatus in reaching a new IMF programme, considered by Yugoslavia's western government and bank creditors as the key to refinancing the $3bn Yugoslav debt maturiting this year, may cast a pall over today's talks in London between Yugoslavia and commercial banks.

The stalemate stems from Yugoslav resistance to various IMF proposals. These include increases in interest rates from a ceiling of 36 per cent to nearer the annual inflation rate of around 60 per cent, further depreciation of the Yugoslav dinar which lost more than half its value against the U.S. dollar last year, and an end to a price freeze introduced at the end of 1983. The Fund argues that the last measure is an obstacle to restructuring the Yugoslav economy.

While accepting some Fund proposals in principle, the Yugoslav Government feels that too harsh an adjustment will cause more harm than good. With the current account ending 1983 in balance, the Government believes that its current policies are on the right track.

Final agreement on refinancing 1984 debt maturities to western governments and banks may have to wait until Yugoslavia does a deal with the IMF.

Yugoslavia has already got an agreed "standstill" on repayments of principal, though not of interest and is asking the banks as a minimum to refinance the $1.6bn it owes them this year.

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European arms conference aims for modest goals

BY ANTHONY ROBINSON IN STOCKHOLM

THE SWEDISH Prime Minister Mr Olof Palme opened the 35-nation conference on confidence and security-building measures and disarmament in Europe (CDE) yesterday with a call for "modest and realistic efforts to reduce distrust and insecurity."

Recalling that the conference was taking place at a time when "the dialogue has all but ceased and the network of co-operation has been weakened," Mr Palme added that "the arms race continues as if the dream of absolute security against attack could be fulfilled through a further build-up of arms."

He called on delegates, which include foreign ministers from all the Warsaw Pact and Nato countries as well as non-aligned neutral states, to "avoid an atmosphere of confrontation and exaggerated polemics."

His muted tone reflected the modest hopes and goals of a conference which, in the words of M Claude Cheysson, the French Foreign Minister, should not be seen as a substitute for restarting superpower negotiations on nuclear arms control. These were broken off after the Soviet walkout last November.

M Cheysson was the first Nato speaker and the first to hold bilateral talks with his Soviet counterpart, Mr Andrei Gromyko. The latter is due to address the conference today before joining Mr George Shultz, the U.S. Secretary of State, for bilateral talks, which will range over a broad spectrum of East-West issues. These will include alleged Soviet violations of existing arms-control treaties and are expected to be the most important event of the week.

After his talks with Mr Gromyko, the French minister warned against expecting Soviet concessions. This warning appeared to be borne out by a speech from Herr Oscar Fischer, East Germany's Foreign Minister and first Warsaw Pact minister to speak.

Herr Fischer said the danger to peace in Europe had been greatly increased by the deployment of new U.S. missiles. He echoed Soviet calls for their removal before arms control talks could resume, and repeated the long list of Soviet-inspired peace initiatives.

In the margins of the conference, meanwhile, Polish diplomats have been busy arranging meetings between Nato foreign ministers and Mr Stefan Olszowski, Poland's Foreign Minister, in an attempt to improve Polish relations with its creditors in the West.

The Soviet Union has also hinted that it intends to use the conference to seek improved relations with Western Europe. This is part of its effort to drive a wedge between the U.S. and its European partners.

Polish church unveils aid scheme for private farms

BY CHRISTOPHER BOBINSKI IN WARSAW

THE Roman Catholic church in Poland has published details of a controversial Western scheme to help the country's private farmers, who produce 80 per cent of Poland's food.

Under the scheme, Western churches, led by the West German bishops, would finance deliveries of equipment, feed, seed and fertilisers to be sold to farmers here through a Polish church-controlled foundation. Small private businesses and state-run industry producing farming equipment would also benefit from the programme.

Nevertheless, the Government continues to raise doubts about the level of the sums the church is quoting.

The Church says that, with goodwill on both sides, the scheme could come into operation by the middle of this year. Pilot projects in the first year of operation would be worth £5m. In the second stage, equipment worth £625m would be shipped to Poland and sold to farmers for zlotys.

Date set for election in Basque country

By Tom Burns in Madrid

THE LEADER of the regional Basque Government, Sr Carlos Garaikoetxea, yesterday dissolved the local parliament and nominated February 26 as the polling date for elections in the provinces of Alava, Guipuzcoa and Vizcaya that together make up the autonomous Basque community in northern Spain.

The two-week campaign, which will start officially on February 10, is expected to prove a divisive contest between Sr Garaikoetxea's governing Partido Nacionalista Vasco (PNV) and the Socialist Party (PSOE) that forms the national Government. The 1.5m electorate will be asked to choose between voting "Basque" or opting for the "Espanolista" (Spanish) platform that the Socialists will present.

The central issues remain terrorism and the extent of self-rule that the central Government is willing to grant the Basques. The Socialists accuse the PNV of ambiguity in its allegiance to Spanish unity and in its determination to confront Eta, the separatist organisation.

The PNV, which is politically conservative but passionately committed to Basque nationalism, claims the Socialists are lukewarm in their support for regional autonomy.

In the March 1979 elections the PNV won 25 seats in the 60-member local parliament. The extremist coalition, Herri Batasuna, which is Eta's political front, won 11 although its elected members refused to take their seats.

The Socialists gained nine and the then ruling Union de Centro Democratico, which has since disbanded, took six, the same number as a Marxist nationalist party, Euzkadiko Ezquerra.

Next month's vote will elect 75 members, 25 for each of the three provinces. Polls commissioned by the Socialists indicate that the PNV's working majority will be reduced and that it could return 30 members. The Socialists hope to win at least 19 seats.

The Socialists argue that fear of Eta terrorism has kept non-nationalists away from the polls.

Ivo Dawnay in Brussels explains the deadlock over EEC agriculture prices

Agreement only on the need to disagree

THE CHORUS howling for special treatment in the EEC Commission's package of agriculture price proposals was for once in harmony last weekend.

Though no one can agree what is to be done with the flagging Common Agricultural Policy (CAP), it is almost universally accepted that the Commission's austerity plans are unacceptable.

This is unlikely however to discourage the Commission, whose main task is to convince member states that there is no alternative. The running costs of surplus production, allied to this year's fixed budgetary limit on agricultural spending, mean that the Ten will have to embrace a package along the lines of the Commission's proposals.

But not all aspects of the economies will survive. The most deeply divisive seems to be the move to eliminate Monetary Compensatory Amounts—the system of border levies and subsidies designed to cancel the effects on commodity prices of currency fluctuations.

If the Commission's approach is adopted, the effect on farm incomes will be very unequal from member state to member state. In West Germany, the *strongest opponent of the move*, for example, farmers, would suffer a 5.4 per cent price cut for their produce, while their French colleagues would enjoy a 3.2 per cent rise.

According to the Commission, farmers have already undergone an average 6 per cent fall in earnings over the past 12 months, though this follows a 10 per cent rise in 1982. Copa, the federation of European farmers' unions, claims that in 1983 there was a 13 per cent decline to a level 20 per cent below that recorded between 1973 and 1975.

French farmers seize a British lorry, kidnapping the driver . . . the sign reads: "Thatcher, keep your lamb"

The Commission's dilemma, spelt out at a meeting with Copa last week centres on its duties under the Treaty of Rome to reconcile the maintenance of living standards for Community farmers with the preservation of a common policy.

Mr Poul Dalsager, the Agriculture Commissioner, made it bluntly clear that such a reconciliation is no longer possible, and that given the choice, the Commission must put first the preservation of the policy.

The decline in farm incomes, the Commission argues, is academic when put beside the record of other major agricultural producers such as the U.S., which saw a 27 per cent fall in overall agricultural incomes in 1982.

Copa's demand for a minimum 3.9 per cent rise to bridge the gap between the rate of the rise in costs against the rise in product prices may be technically correct. But the Commission replies that the failure over recent years of member Governments to accept reforms means that market forces must now apply in some measure.

The justification for the Commission's meagre offer of an 0.8 per cent average price increase lies in a 35-page report, *published last week, outlining* the economic and budgetary context of its proposals.

The report underlines that world trade in agricultural products increased by an average of 15 per cent yearly between 1977 and 1980, stabilised in 1981, then fell by 9.4 per cent in 1982. This was reflected in EEC exports which, after an average 17 per cent increase each year between 1973 and 1981, fell by 2 per cent in 1982 and are expected to have fallen further in 1983. The most significant contraction came in cereals—a key community product.

In the meantime, prospects for domestic demand are poor. The Commission estimates that, in the period to 1990 private consumption of farm products will increase anually by just 1.9 per cent, against a 2.9 per cent annual rise between 1970 and 1980.

But while consumption *increases at a slower rate*, production is anticipated to outstrip it in the two most costly sectors of surplus, dairy products and cereals.

Milk production in 1983 is expected to show a 3.9 per cent rise to about 103m tonnes, about 6 per cent over the guarantee threshold of 97.2m tonnes. A further 2 per cent increase is expected this year.

Unless action is taken, the milk sector will be heading for production of 121m tonnes by 1990, though EEC consumption is anticipated at only 87m tonnes. Such a trend would put massive pressure on the budget, which is expected to pay Ecu 5bn (£2.85bn) in guarantee payments this year. External markets and demand are also poor.

The cereals sector is equally gloomy. While the Commission is nervous about predicting world demand, it expects domestic production on present trends to reach 137m tonnes by 1990 against internal demand of 114m tonnes.

By denying grain producers any price rise this year, it is hoped to hold expenditure in guarantee payments to Ecu 2.59bn in 1984 while maintaining world market share and deterring over-production. How the projected 23m tonnes 1990 surplus will be disposed of remains an unanswered question.

Similar problems, though on a lesser scale, face other sectors, leaving the Commission to conclude that market management difficulties are now more severe than at any time in the 25-year history of the CAP.

If the price proposals together with the Commission's comprehensive CAP reform package are accepted by March 31, a 1984 saving of Ecu 875m could just keep overall expenditure within the year's Ecu 16.5bn budget.

But even the most optimistic EEC watchers are convinced that the chances of a comprehensive agreement are extremely uncertain. Leaving the prices issue aside, reform proposals like the "superlevy" on excess milk production and the controversial oil and fats tax scheme are vigorously opposed in their present form.

It seems clear, therefore, that the Commission's threat of introducing "immediate and even drastic cuts" in farm price support in the event of no agreement may just happen. If so, the warnings from French farmers' leaders of further civil unrest move closer to being fulfilled.

King of Belgians hits out at Britain's European policy

BY PAUL CHEESERIGHT IN BRUSSELS

REGAL DESPAIR at the state of the world with its profound economic disorder has led Baudouin, King of the Belgians, to attack the U.S. for its monetary policy, the UK for its European policy and his own countrymen for their divisiveness.

In an abnormally outspoken speech by the standards of the royal households of Europe, King Baudouin addressed himself to the world economic crisis and the "every-man-for-himself" reaction to it.

The speech was written in the royal household but approved by the Government for delivery to a meeting yesterday of Belgian politicians.

Monetary policy had led to unduly high interest rates in the U.S. that restrained economic activity, fostered monetary instability and attracted a large proportion of the world's savings to the world's richest country, King Baudouin said.

In a scarcely disguised assault on Mrs Margaret Thatcher's EEC budget policy, he said: "We may wonder how many European Council meetings have so far been given up to those budget arguments in which every-man-for-himself behaviour is reflected in the notion of an equitable return. The consequences of the discord in Europe may be discerned by all."

He also chided his countrymen for not reinforcing what unites, for spending so much time analysing what divides them and not enough on looking at interdependence and the possibilities for growth.

Generally though, his speech was an international counterpart to his plea for greater national unity on Belgium's national day last July when he gave an unprecedented television speech.

The theme of interdependence is apparently one he has taken up in private audiences with both domestic politicians and foreign visitors. His public pronouncements though are not especially frequent.

OVERSEAS NEWS

Larrikin king dominates Australian centre court

BY MICHAEL THOMPSON-NOEL IN SYDNEY

Mr Ian Sinclair, aged 54, was yesterday voted leader of the Australian National Party, in succession to Mr Doug Anthony, despite strong criticism of Mr Sinclair last week in the report investigating allegations of bribery and corruption in New South Wales, writes Michael Thompson-Noel.

Mr Justice Cross said in his report that allegations by Mr Sinclair were "simply untrue."

Yesterday, Mr Bob Hawke, Australia's Labor Prime Minister, said the National Party had revealed itself as unprincipled, adding that the findings of Mr Justice Cross amounted to "the most comprehensive demolition of the credibility of a senior practising politician ever made."

Despite the backing of Mr Andrew Peacock, the Liberal Party leader, Mr Sinclair's exposure by Mr Justice Cross could mean more problems for the Liberal-National coalition partners.

Mr Hawke said Mr Peacock's support for Mr Sinclair was "pitiful."

WHEN Bob Hawke was a boy, he often told people he was going to be their leader. So much so, that one of his rivals at school in Perth used to walk into class and announce: "The Prime Minister is coming." Later, as a law student at the University of Western Australia, he clashed with his mother, Ellie, over whether he should ride a motorbike. He won, and was given a Black Panther. He rode it, according to a contemporary, "hunched forward, staring straight ahead, never looking to right nor left, and convinced he was riding it well."

Today, as leader of the Australian Labor Party (ALP) and Prime Minister, Mr Hawke still sits hunched forward starring straight ahead, with barely a glance to Left or Right.

But, as a result of his steering and throttlework, the Hawke Government so dominates the political scene that on the Perrier water circuit in Canberra (Mr Hawke is a born-again teetotaller), *it is increasingly* assumed that Labor—barring catastrophe—will win the next election.

Robert James Lee Hawke, son of a Congregational church minister and now 54, is likely still to be Prime Minister when Australia celebrates its bicentenary in 1988, according to those in the know.

In last March's election Mr Hawke and the ALP redrew the political map by humiliating the Liberal-National Party coalition which had ruled for all but three of the previous 34 years. Since then, Mr Hawke has held total sway.

The dominance of his Government can be attributed to several factors:

- the economic record of its predecessor, including the legacy of a budget deficit of A$9.6bn (£6.2bn). As a political weapon, the record of the Fraser years has now lost its edge, however;
- Mr Hawke's assiduous courting of big business, together with a growing penchant for economic and financial innovation;
- a taste for rationalism, pragmatism, and political conservatism that has appropriated for the Government almost the entire middle ground of Australian politics;
- recovery in the economy, and good luck.

Mr Hawke's appearance at *major sports events from racing* to test cricket to the final of the Davis Cup, has demonstrated his populist instincts, and enhanced his stature.

But his handling of the power brokers of business has been no less impressive. He has created the Economic Planning Advisory Council (Epac) and the Advisory Committee on Prices and Incomes (Acpi), and is on excellent terms with leading individuals.

Of his success so far, Mr Hawke says employers had previously seen him as President of the Australian Council of Trade Unions (ACTU), and knew he "didn't take a one-eyed view of economic or industrial issues." Secondly, they "knew they could trust me completely." Thirdly, they realised, he claims, that the system operating under the Fraser Government had been a total *failure, and were ready to try* a constructive alternative.

Business is not totally infatuated with the Hawke approach. The employers are concerned about Australia's tarnished trade competitiveness: about the prospects for interest rates: the outlook for centralised wage-fixing based on changes in the consumer price index: and the stability, *or otherwise*, of the prices and incomes accord, between the Government and the trade unions.

It was the pay and prices pact that formed the bedrock of Mr Hawke's election campaign last March. It covers not only pay and prices but taxation, government expenditure, industrial relations and development (including technological change), immigration, education and health.

Mr Ralph Willis, Labor's *Minister for Employment* and Industrial Relations, stressed recently that the accord "represents the first real hope Australia has had for years to achieve sustained reductions in both unemployment and inflation." Mr Cliff Dolan, the ACTU president , says the accord will "need to be reviewed over time, but at this point there are no particular areas that need consideration."

More sceptically, Mr Bryan Noakes, director of the Confederation of Australian Industry, says the viability of the accord seems likely to be tested in the second half of 1984, and Professor John Niland, of the University of New South Wales, says that by the middle fo the year, a handful of significant unions may be wavering.

He adds: "The Left-wing unions are getting weary of *finding in Canberra a Government* which they thought was pro-labour but which by their interpretation is no different to that of Malcolm Fraser."

Politically, the perception that the Hawke Government is decidedly to the Right is significant. Federally the ALP totally dominates the stage, leaving the Liberal-National Party partners a temporarily impotent political force. This explains the rough ride suffered so far by Mr Andrew Peacock, the Liberals' new leader, who recently remarried, but whose playboy image remains a liability. In a recent sally, Mr Bill Hayden, Labor's Foreign Minister, claimed that Mr Peacock represented the "fag end of the Peter Stuyvesant set."

Not only does Mr Hawke dominate Canberra in the style of a larrikin-king, but he has stolen the Liberals' clothes. This was confirmed by last month's floating of the Australian dollar which has worked well to date, and is likely to herald a further freeing of the financial system, and the encouragement of off-shore banking in Australia. Labor may also welcome in the *foreign banks, to hasten Australia's* emergence as a significant Western Pacific financial centre.

The Government has revealed its political colouring in other ways. Just before Christmas, it adopted a demonstrably soft *line on foreign investment*, ignoring an official ALP policy requirement that Australian participation in key areas be raised to 51 per cent. The ALP platform is strong on rhetoric and social conscience, but as a guide to what is happening in Canberra, its relevance is not marked.

This has not hurt Mr Hawke. On the contrary, his latest approval rating, as measured by Morgan Gallup in The Bulletin magazine, is 66 per cent to Mr Peacock's 41 per cent. Mr Peacock's rating has never risen above 50 per cent. Similarly, on a first-preference basis, Labor's current popularity rating is 52 per cent (against 49.5 per cent at the election last March), while the coalition's is 41 per cent (against 43.6 per cent), and the Australian Democrats' 5 per cent (the same).

Will Mr Hawke continue to speed along a route marked "1988 ? "

Mr Bob Hawke

When his youthful will prevailed over that of his mother and he was given his motorbike, he crashed it. He was taken to hospital in unbearable pain. He lay cursing and moaning. Twenty-four hours after being anaesthetised, Mr Hawke awoke to find a wound, seven inches by seven, alongside his navel. His spleen had been removed. That time, he recovered. At present, there is not the slightest indication that he is heading for a fall. But this time, he will no doubt be watching the road carefully.

Britain's IDA contribution to be halved

By Quentin Peel

BRITAIN'S contribution to the International Development Association (IDA), the soft loan arm of the World Bank which lends to the world's poorest nations, is to be cut by more than half in the next three years.

The new contribution to IDA is $585m (£412m), compared with $1.212bn (£854m) in the last complete three-year financial cycle of the asociation.

The proportional cut in Britain's subscription to IDA, whose activities are particularly important in the Indian sub-continent and sub-Saharan Africa, is even greater than that of the U.S., which last wek refused to provide more than 25 per cent of the Association's total funds, or $750m a year.

Israeli civil servants threaten one-day strike over wage claim

BY DAVID LENNON IN TEL AVIV

GOVERNMENT SERVICES in Israel may be totally paralysed today by civil servants who are threatening a day long strike following the three hour stoppage yesterday in pursuit of wage increases.

The battle over public sector salaries is crucial for the survival of the Government, which is trying to reduce real wages by 12 per cent this *year as part of its struggle to overcome* the country's economic crisis.

Postal and railway services have been shut down completely for the past two days, as these workers have led the fight for higher wages.

Negotiations between the Government and the civil service union have been stuttering along all week as the public services have been increasingly disrupted by workers disgruntled over the 33 per cent erosion of their salaries in the past three months.

Meanwhile reaction was mixed yesterday to the decision, announced the night before, to re-impose tough foreign currency controls, which particularly affect private investments by Israelis abroad.

Future private investment in overseas bonds, shares and gold is banned, as are private overseas bank accounts. Those Israelis with bank accounts abroad must close them and repatriate their holdings by April.

The maximum foreign currency purchase by Israelis going abroad was cut from $3,000 to $2,000.

Shares already bought on foreign ed, but no new purchases will be allowed, except for specific Israeli companies quoted on foreign markets.

Because of the collapse of the Tel Aviv Stock Exchange during 1983, there had been a growing tendency for Israelis to invest abroad, especially in the New York and London exchanges. At present it is estimated that individual Israelis have invested about $700m in foreign stocks, and about $200m in Eurobonds.

Mr Yigal Cohen-Orgad, the Finance Minister, said the move was designed to help reduce the current account deficit of the balance of payments and to strengthen foreign currency reserves.

S. Africa and Mozambique make ground

By J.D.F. Jones in Johannesburg

THE bilateral talks between South Africa and Mozambique aimed at improving relations between the ideologically-hostile neighbours appeared to make satisfactory progress at Monday's twin sessions in Maputo and Pretoria.

But everything depends on whether the Mozambique Government shows itself able and willing to restrain the activities of the African National Congress (ANC) inside, and in transit through, its territory.

For its part, the South African Government must show that it is not assisting the dissidents of the Mozambique Resistance Movement (MNR).

The South Africans make no *secret of their position* that economic relations between the two countries can only be improved as Maputo wishes of they are given satisfaction on the security issue.

The security talks in Pretoria on Monday lasted for eight hours after which a communique was issued stating that the delegations had "considered measures to be taken in order that the territories of neither state should serve as a springboard for aggression and violent action against the other.

"They also discussed practical mechanisms to ensure the implementation of the objective as well as the continuity of the process."

Meanwhile, in Maputo two senior delegations discussed economic co-operation, including the resumption of power supply from the Cahora Bassa hydroelectric project (which has been repeatedly interrupted by MNR sabotage), migrant labour from Mozambique to the republic, and the resumption of the potentially valuable tourist traffic from South Africa.

Companies hit by labour unrest

By Our Johannesburg Correspondent

THE recent spate of labour unrest in South Africa is affecting several international companies, with trouble spreading to the AECI explosives and *chemicals group—in which ICI* has a 38 per cent holding—and the wholly-owned BMW motor manufacturer.

AECI is the largest commercial explosives manufacturer in the world and the primary supplier to South Africa's mining industry.

A strike by 5,000 workers, members of the South African Chemical Workers Union, at the main AECI plant at Modd Frontein spread yesterday to other plants at Sasolburg (where 1,900 workers came out) and Somerset West (750 strikers).

Union leaders travelled to the company's Natal factory at Umbogintwini, presumably to try to persuade the workforce *to join their colleagues.* Sixty-five per cent of the non-salaried AECI workforce is now on strike.

The strike is significant because the union has gone through the official disputes *procedures, including meetings* of the conciliation board, and this week's strike is therefore unusual in being "legal" in terms of the Government's reformed labour legislation.

The dispute centres around a wage *claim, with the union* seeking a minimum monthly wage of R400 where as the company has offered, and implemented, R363 which is an 8.5 per cent increase.

Saudi Arabian consul abducted by six gunmen in West Beirut

BY NORA BOUSTANY IN BEIRUT

BEIRUT – Mr Hussein Farrash, the consul and first secretary at the Saudi Emassy, was abducted by six gunmen yesterday. His fate is not known.

The gunmen, so far unidentified, ambushed Mr Farrash's car while he was on his way from his home to the embassy complex in mainly Moslem West Beirut. They escaped despite an exchange of fire with Lebanese army soldiers in Beirut's Rauche seafront district.

A Saudi bodyguard, Mr Ahmed Ali Ossairi, was slightly injured. He was taken to the American University Hospital for treatment.

There could be several motives for kidnapping Mr Farrash. Pro-Iranian Shia Moslems may have been resonsible because of Iranian disapproval of Saudi Arabia's financial backing for Iraq in the Gulf war. Also, Syria has made no secret about its displeasure at overtures by Arab leaders to the Egyptian regime.

Contacts between Egypt's President Husni Mubarak and King Hussein of Jordan, as well as a statement by Iraq's president, Mr Saddam Hussein, that he would like to visit Cairo quickly drew bitter criticism from Damascus officials.

UN chief calls for Middle East conference

CASABLANCA – UN Secretary-General Sr Javier Perez de Cuellar yesterday proposed convening a general Middle East peace conference with the UN Security Council and "all interested parties" to the conflict – presumably including Israel and the Palestine Liberation Organisation (PLO).

Sr Perez de Cuellar told the official Moroccan news agency that he made the suggestion in letters to the 15 Security Council members and would report on their response to a special session of the council on March 15.

He said that he had no reaction so far from any of the governments concerned, but admitted that the idea might not be generally welcomed.

A general conference such as proposed by Sr Perez de Cuellar could bring Israel and the PLO face to face at the conference table with equal status and would put the Soviet Union back into the Middle East negotiating process for the first time since the collapse of the Geneva peace talks in 1974.

AP

Lebanon talks on UN peace force begin

STOCKHOLM – The Foreign Ministers of the *four* nations in Lebanon's multinational peacekeeping force will seek agreement from Soviet Foreign Minister Andrei Gromyko for the UN force in Lebanon (Unifil) to take over some of its responsibilities, a senior Italian official said today.

Mr George Shultz, U.S. Secretary of State and the foreign ministers of Italy, France and Britain held a first meeting on Lebanon last night.

Reuter

Engine makers warned of risks

BY CHRIS SHERWELL IN SINGAPORE

ANY COUNTRY proposing to make the establishment of an aircraft engine business a national objective should be prepared to make the necessary investment and lower their expectations as the risks grow, **Mr Edward Bavaria** of General Electric's aircraft engine group said yesterday.

He was speaking on the *second and final day of the conference* on Aerospace in Asia and the Pacific Basin, held in Singapore and organised by the Financial Times. General Electric itself had already been involved in co-production and *co-manufatcuring*, Mr Bavaria added, but the company would only switch from its current suppliers if to do so was demonstrably more convenient and economical.

In the intense fight for engine sales to airlines, he went on, prices had come under pressure and even spare parts sales aimed at recouping costs had fallen short of expectations. Profits for engine *manufacturers still had* to come from spare parts and from "follow-on" buyers of equipment.

International syndicates might seem like the answer to such problems, but they could not cerate a market.

Greater co-operation in the field of aircraft maintenance was recommended by **Mr Graham Howat** of the Hong Kong Aircraft Engineering Company, who said it was justified by steadily increasing costs as well as air safety. In 1984 these costs would reach $2.1bn (£1.5bn), while another $330m would be spent in the region on maintenance and engineering facilities.

Many fleets were too small to justify such expenditures, he said. Co-operation in maintenance should start in training and education, in limited regional specialisation, over inventories and in a sharing of experiences. An inter-airline grouping of chief engineers should also be set up, he argued.

According to **Mr Pablo Palomar of Casa**, the Spanish aircraft company which is building an aircraft with the Indonesian company PT Nurtanio, joint ventures are *increasingly the only way to* make manufacturing programmes feasible.

In their favour was the sharing of risk and investment and the exchange of technology. But working against them were logistical and communications problems.

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Mr James Johnson of the Boeing Company, offering a forecast of the region's aircraft requirements, said that the 20 countries and 40 *operators in* the area would purchase 19 per cent of the $107bn that would be spent by 1990 on commercial aircraft worldwide.

These orders would consist of 132 standard body twin-engined aircraft, 131 wide-bodied twin-engined aircraft and 125 wide-bodied three- or four-engined aircraft.

Discussing the short-haul and commuter aircraft market, **Dr Tore Gullstrand** of Saab-Scania of Sweden said that between 1,000 and 2,000 aircraft carrying 30-40 passengers could be needed world wide within the next 10 years. This demand was a product of U.S. domestic deregulation and growth in the European market, but there would also be a need for this type of aircraft in the Asia-Pacific region.

Mr Frederick Bradley of Citibank, speaking on the financing of air transport, predicted that the U.S. airline industry would remain unstable for some years to come, and that this would have a significant impact on aircraft manufacturers, particularly the U.S.

Mr Jordan Greene of Avmark Services, *discussing the second-hand* aircraft market, said present trends indicated continuing strength of the market for wide-bodied equipment over the long run.

Reagan report claims El Salvador human rights improved

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration claims in a report to Congress that in spite of continued violence by right-wing "death squads" in El Salvador, there has been a decline in the overall levels of human rights violations.

However, the 57-page report concedes that abuse of human rights remains a "central problem" and that democratic institutions are still under attack.

The report, which is seen in part as an effort to back up the Administration's request for increased aid to El Salvador, has been challenged by human rights groups in Washington.

One group, Americas Watch, said that there has been virtually no change in the human rights situation, and claimed that violators of human rights—even those who have committed murder — generally go unpunished.

The group claimed that the number of killings of civilians had increased between the first and second half of last year.

The report on El Salvador had been promised to Congress as an alternative to a Congressional requirement that the Administration certify improvements in human rights as a condition for providing more military aid. President Reagan vetoed that demand last month.

Although encouraging in tone, the report paints a grim picture of the overall situation, suggesting that the judicial system is a "theoretical structure voided by lack of respect for and faith in law."

It points out too that the war against insurgency has become a "stalemate" with neither guerrillas nor the armed forces making progress.

Last week the Kisinger Commission recommended sharply increased aid to El Salvador, both military and economic. Following up that report, the Administration has said it will ask Congress to appropriate $8.4m for Central America as a whole, an aid request which is expected to run into strong opposition from some sections of Congress.

● A large-scale surprise attack by Leftist rebels on a provincial capital in northern El Salvador on Sunday has highlighted major changes in guerrilla strategy, according to military sources, Reuter reports from San Salvador.

They said guerrillas may for the first time be aiming to take a provincial capital—something they have not yet achieved in four years of civil war—to gain a bargaining counter with the Government before elections scheduled for March this year.

A series of large-scale guerrilla attacks on major strategic targets beginning last month was a change from their previous policy of attacking and briefly holding small villages of minor strategic importance, they said.

Managua helicopter charge

NICARAGUAN Foreign Minister, Miguel D'Escoto has charged that another helicopter entered the country's airspace from Honduras last week, but recrossed the border after evading anti-aircraft fire, Reuter reports from Managua.

Sr D'Escoto said Nicaragua had sent a protest note to Honduran Foreign Minister, Edgardo Paz Barnica over the alleged violation.

The accusation follows the shooting down of a U.S. army helicopter by Nicaraguan forces last week. The pilot of the helicopter, which came down inside the Honduran border, was killed.

Peru shoot out

At least 30 Left-wing guerrillas were killed in clashes with police in the Peruvian Andes and seven civilians were mistakenly shot, police said yesterday. Reuter reports from Lima. The guerrillas died when police repelled an attack on a police station in Ayacucho province.

Surinam strike

Most of Suriham's private bus drivers went on strike yesterday in growing industrial unrest aimed at ousting the military rulers of the former Dutch colony, Reuters reports from Paramaribo.

U.S. money brokers face tougher insurance terms

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Deposit Insurance Corporation (FDIC), worried about the rapidly rising cost of paying out deposits in bankrupt U.S. banks, has proposed tough new curbs on the activities of U.S. money brokers.

The proposed rules, which are open to comment over the next three months, would afford a maximum of $100,000 insurance coverage per insured bank or savings association for the total deposits placed by or through a single deposit broker. Under present rules, a deposit broker can place 20 deposits of $100,000 each, for example, on behalf of 20 different clients, equivalent to $2m, with a single bank, and all the deposits would be fully insured.

The FDIC has become increasingly concerned in recent months about the growing sums of money being deposited in financially-troubled banks by means of money brokers assembling parcels of fully-insured $100,000 deposits. Several well-known Wall Street brokerage firms have run federally guaranteed brokered deposit schemes.

However, other bank regulators believe that the FDIC may be taking too tough a line. The U.S. Treasury has gone to the unusual length of issuing a statement saying that it had "strong reservations" about the FDIC's plans to curtail sharply the activities of the money/deposit brokers.

Mr Roger Birk, chairman of Merril Lynch, yesterday stepped into the fray and said the FDIC's proposal "would destroy a national capital market that efficiently links small and medium sized banks and savings and loans to funds outside their local communities." He said the FDIC was taking an "excessively broad approach" to deal with a limited set of problems.

The FDIC is not budging from its position at present despite howls of protest from the Wall Street brokers. It says that its researchers show that a greater protection of poorly rated institutions use brokered deposits than highly rated institutions. The 72 banks that failed between February 1982 and mid-October 1983 "had substantial brokered deposits" accounting for 16 per cent of all the banks deposits. In three cases, the FDIC found that over 60 per cent of the deposits of failed banks were made up of brokered deposits.

Zhao urges U.S.-Soviet N-pact

OTTAWA — Chinese Premier Zhao Ziyang yesterday urged the Soviet Union and the U.S. to agree on "drastically reducing nuclear arms" so that China and the other nuclear powers—Britain and France—could eventually disarm jointly.

Zhao, making the first address ever by a Communist leader to the Canadian Parliament, endorsed Prime Minister Pierre Elliott Trudeau's initiative for reducing world tensions, without committing China to participating in a proposed disarmament conference of all five countries with nuclear arms.

"We appreciate the efforts made by Prime Minister Trudeau to safeguard world peace, relax international tension and promote nuclear disarmament," Zhao said, speaking through an interpreter.

"We hope that all peace-loving countries and people go into action and urge the two nuclear powers which possess over 90 per cent of the world's nuclear weapons to stop their nuclear arms race, resume disarmament talks, hold discussions in earnest and take the lead in agreeing on measures of drastically reducing nuclear arms so as to create the conditions for joint nuclear disarmament by all the nuclear countries," he said.

Zhao, who ended an eight-day visit to the U.S. on Monday, is making a week-long tour of Canada, beginning yesterday morning with meetings with Mr Trudeau and his Cabinet.

Mr Trudeau said Zhao's speech is "momentous because this occasion constitutes a recognition of the very special ties which unite our two nations."

Zhao said there were three obstacles to improving Chinese relations with the Soviet Union. First, the Soviet Union must stop supporting Vietnam in its aggression against Kampuchea; second, it must withdraw its troops from Afghanistan; and third, it must withdraw its forces from the Sino-Soviet border and Mongolia," he said. A.P.

Indiana nuclear plant construction abandoned

BY STEWART FLEMING IN WASHINGTON

THE U.S. nuclear power industry has suffered another blow with the announcement that the public service company of Indiana is stopping construction of its Marble Hill nuclear power plant, which is half finished and has already cost some $2.5bn (£1.75bn).

The company said it had stopped work on the project because of soaring costs and a shortage of funds to finish the project. It is believed to be the most expensive nuclear power plant ever to have been abandoned, and follows a decision last week by the Federal Nuclear Regulatory Commission that Commonwealth Edison could not operate its $3.35bn Byron nuclear power station near Chicago

The two announcements are seen as a further deterioration in the situation in the nuclear power industry which has an estimated 60 plants under construction, and which has been under persistent cost and safety pressures

Public service Indiana's decision to scrap the Marble Hill plant will likely force emergency rate increases and business losses in the surrounding community, company officials and residents said.

Bank of Mexico to offer private sector loan plan

BY WILLIAM CHISLETT IN MEXICO CITY

THE Bank of Mexico yesterday announced a scheme to help the country's hard-pressed private companies borrow new money abroad. The scheme is similar to the one which the central bank set up last year, to help private companies reschedule over $11bn (£7.7bn) of external debt contracted before December 20 1982. It will be administered by the same Government Commission, known as Ficorca.

Businesses have been driven to the wall by the massive extra costs in peso terms of servicing their external debts, caused by the heavy devaluation of the currency.

The central bank will assume the foreign exchange risk on new loans, if the company borrows dollars over a minimum of eight years, with four years grace.

The Bank will make available the dollars for interest payment and repayments of capital at the controlled rate, which is currently 145 pesos to the dollar, as opposed to the free rate. Companies will be able to borrow pesos to buy dollars at rates lower than those offered by the state-run commercial bank.

The central bank said in a statement that it hoped this scheme would stimulate private sector investments, which are very depressed, and also help restore access to the international capital markets.

The response to this scheme is not expected to be very great since companies are now wary of borrowing abroad, and most foreign banks do not want to increase their exposure to Mexico.

Mexico set for improved export credit prospects

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INDUSTRIAL countries have become more willing to grant export credits to Mexico now that its economic performance has improved, according to Mr Angel Gurria, the country's chief foreign debt negotiator.

Last year, when its financial crisis was at its height, Mexico was uncertain about whether it would be able to draw on export credit lines. "Cover is now confirmed," Mr Gurria said.

Mexico's experience is in marked contrast to that of Brazil, which has faced difficulty putting together a $2.5bn package of credits from industrial country governments as part of its debt rescue package negotiated with the International Monetary Fund. Like Brazil, Mexico has to arrange export credits this year, although for a rather smaller amount of around $1bn (excluding special U.S. government credits for grain imports).

Mexico's standing with foreign export credit agencies has improved because the public sector is fully up to date on interest and principal payments. Unlike last year it will not seek to renegotiate export credits granted to its private sector, about $1bn of which are being refinanced following Paris Club negotiations last June, he said.

Mr Gurria, in London for a presentation to bankers on the country's new $3.8bn loan, said he was altogether much more relaxed about Mexico's financial position. This had led to lower interest margins on the new loan, although they were not as low as Mexico had at first requested.

The 10-year loan carries a margin of 1¼ per cent over U.S. prime rate or 1½ per cent over Eurodollar rates. This is well below the margins of 1¾ per cent and 2¼ per cent respectively paid on the rescheduling of $23bn in public sector debt falling due in 1983 and 1984.

Mr Gurria said he could not exclude the possibility that Mexico would seek to renegotiate these terms at some stage in the future, but he firmly denied reports that it had already made such a request to the committee of leading creditor banks with which it has negotiated the new loan.

The conditions on the new loan are regarded as tight by some creditor banks, but Mr Gurria said yesterday they were agreed very much with an eye to the requirements of the market. Mexico has heavy debt repayments through the rest of this decade with public sector maturities peaking at $13.97bn in 1987, and it wants to be able to refinance this debt without recourse to further rescheduling.

U.S. 'refusing assistance in Bahamas drugs inquiry'

BY NICKI KELLY IN NASSAU

THE CHIEF counsel to a Royal commission investigating drug smuggling in the Bahamas has criticised the U.S. Government for withholding information critical to the inquiry.

Mr Robert Ellicot, a former Attorney General of Australia, said that Washington was refusing to co-operate after promising assistance. The commission, he said, needed evidence from persons who were either involved in proceedings in the U.S. or in prison in the U.S.

The commission, which has been questioning witnesses since the beginning of December, was established by the Bahamas Government after a programme by NBC, the U.S. television network, quoted U.S. Justice Department claims that Prime Minister Sir Lynden Pindling and other government officials were being paid $1,000 a month to protect a cocaine smuggling ring operating from the islands. The Prime Minister and officials refute the allegations.

Mr Ellicott said he had indicated at the outset that the commission would need the support of the U.S. Government. He was now making a public appeal for co-operation, he said. "Having had some experience in Washington in relation to the matter, I believe that unless it becomes a matter of concern publicly, then nothing will be done about it."

Both the Prime Minister and the Parliamentary opposition have also urged the U.S. to cooperate with the commission

WORLD TRADE NEWS

David Buchan, Our East Europe Correspondent, reports on where contracts are likely to be won

Why Britain's Comecon trade prospects should improve

EAST-WEST trade is rising modestly again, but not much to Britain's benefit. The UK saw its collective deficit with the Soviet Union and the six East European members of Comecon widen slightly in the first 11 months of 1983 to £310m from £260m in the same period of 1982.

Some of the UK export gain may also be very transitory. Poland for instance increased its purchases of British goods by £25m last year, but will not have the spare cash to continue this, if, in an official debt rescheduling deal, it has to start paying the interest due to Western Governments as well as banks.

Times are not propitious enough for many smaller UK companies to want to dip their toes into the waters of East-West trade for the first time. But there are still contracts to be won by medium and larger companies that have spent many years learning to swim in commerce with the Soviet bloc—the £8m order for Chloride to supply battery technology for Bulgarian electric forklift trucks and ICI's growing involvement in the Soviet food programme are recent examples.

For UK, as for other Western companies there are two general reasons for now staying in East-West trade. Most East European countries got over the worst of their financial retrenchment in 1981-82, consolidated their positions in 1983, and have now set more ambitious targets for 1984.

On industrial production, for instance, these targets range from growth of 1.5 to 2 per cent in the case of usually realistic Hungary to 9.9 per cent in the case of perennially ambitious Romania.

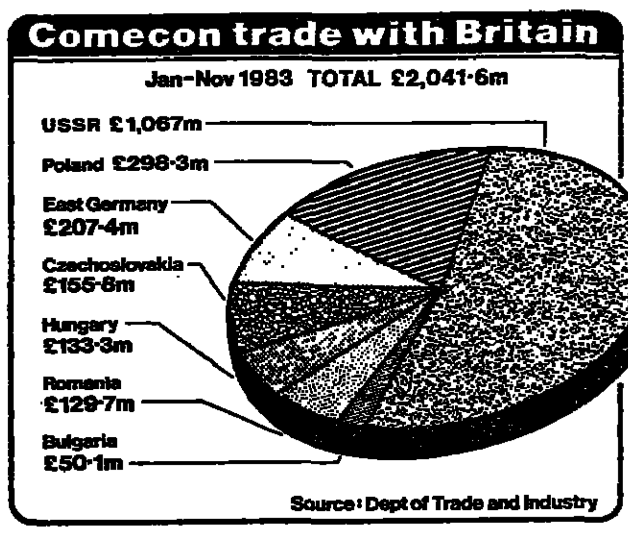
This turnaround is likely to lead to a modest increase in imports from the West, despite Moscow's urging, for essentially political reasons, that Comecon countries trade more with each other.

A longer-run incentive for Western companies sustaining their interest in the Eastern market is the approach of the next set of Comecon five-year plans at the start of 1986. Two years may seem a long time in Western business practice, but it is not in the Eastern planning cycle.

Cannier Western businessmen know that the time is becoming ripe for them to start lobbying Comecon Government officials for contracts in the 1986-90 plans, which after the retrenchment and deferred investment in the current five-year period promise to be more expansionist.

In the meantime, UK companies face the prospect of tough competition with their Western counterparts for limited business in the East. An exception to this is perhaps the Soviet Union, which never had to cut back like the smaller East European countries and which increased its purchases of UK goods by some £100m last year.

The two big areas of opportunity are agriculture and energy, with some business also possible in car components for such companies as GKN (the major Soviet car modernisation contracts are going to the French and the West Germans).



The Soviet Union is holding no less than six food and agricultural international exhibitions this year as evidence of its keen interest in this sector. In addition to Soviet grain and meat production in which ICI is involved, there is now a joint UK-Soviet commission on food packaging and processing, drawing in companies like Metal Box which have hitherto been relatively uninvolved in Soviet trade.

Poland remains the next most important UK market. The fate of the unfinished Petrocarbon plastics and Massey Ferguson projects in Poland is still tied up with the freeze on new UK Government credit for Poland, which is part of the Nato political sanctions.

But unless a rescheduling with Western Governments this year drains Poland of all available cash, the Poles may still have money to buy some more UK goods. Two possibilities are medical and marine equipment; both are priority areas for the Poles, and Baltexpo, the shipping exhibition which was successful even in the martial year of 1982, is being held again this year in Gdansk.

Ministerial visits to protocol-conscious Comecon countries are often seen as a good way to boost UK exports. Mr Paul Channon, Minister of State at the Department of Trade, will be visiting the Soviet Union and probably Bulgaria in the coming year, though Nato sanctions will still put Poland off limits to Western Ministers.

But if political visits are a key to promoting trade, then UK exports to Hungary can be expected to increase again this year. Mrs Margaret Thatcher, the Prime Minister, is making her first trip in office to a Soviet bloc country when she visits Budapest on February 2-4; this is likely to be reciprocated by a Hungarian Minister.

Where UK interests might reap benefits from the Thatcher visit is in the possible Hungarian award of contracts to build a southern spur from the Siberian gas pipeline to supply Italy. The Anglo-American consortium of Cooper-Rolls-Royce, which was the unsuccessful bidder for the main Russian portion of the pipeline, is waiting eagerly to tender in Hungary. But this awaits a decision by Italy to buy more Russian gas.

British trade with Bulgaria proved disappointing last year. Though the smallest of UK markets in Comecon, it is also one of the best placed, with low debt and a hard currency trade surplus, to expand commerce with the West.

Bulgarians complain that trade is markedly in the UK's favour, though companies like Cadbury Schweppes do steady two-way trade there. But Allied Breweries, which is licensing local Skol lager production and Perkins which last year signed a co-operation deal on engines, show that there is room for expansion in Bulgarian light industry and engineering.

Of the three remaining Comecon countries, Romania has been the best for UK exports in the past. But for financial reasons, Romania had to cut its British purchases last year by more than any other Eastern country.

The Romanian promise not to reschedule debt this year coupled with the visit to London later this month of the Romanian Trade Minister may improve the climate. Romania has one big contract out to tender at the moment — an undersea energy pipeline in the Black Sea — but, as is its wont, is demanding sizable countertrade.

The other two markets, East Germany and Czechoslovakia, have traditionally looked more to Continental West Europeans for business. But Britain has recently established joint working groups on electronics with both these industrially sophisticated countries, and these may bear future fruit. Having missed the boat on Soviet car modernisation, it is possible that UK companies may win a role in helping Skoda of Czechoslovakia update its car models.

Nakasone assures U.S. over purchase of satellites

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE, the Japanese Prime Minister, yesterday assured a visiting U.S. delegation that Japanese companies would be free to buy U.S. communications satellites.

His comments came as both countries gird themselves for an intensive and multi-faceted round of negotiations on outstanding trade issues, most of which had been held in abeyance because of the Japanese general elections last month.

Up until now, the question of satellites has been considered under the general framework of the Japan-U.S. agreement covering purchases from foreign supplies by Nippon Telephone and Telegraph (NTT), the telecommunications monopoly.

The last three-year procurement agreement expired at the end of last year, but has been rolled over for three months, and a renewal by March 31 is confidently expected. However, it is generally assumed that satellites will be taken out of the agreement.

The planned denationalisation of NTT, to be considered by parliament sometime this year, is bound to change the face of Japanese telecommunications. NTT itself, with its ambitious blueprint, known as the "information network system," for a fully optically-wired Japan, is understood to be quite keen on purchasing U.S. satellites.

The principal Japanese objection so far has been the perceived need to protect the emerging domestic satellite industry. However, U.S. pressure for a more open government procurement policy has grown more intense in the last year.

The Japanese "concession" on satellites is unlikely to be matched in other fields. Yesterday, the Foreign Ministry described as "basically accurate" a local Press report that it had already advised the U.S. that it would be impossible to meet the latest U.S. demands for tariff reductions in the 1984 fiscal year which begins in April.

The U.S. list, conveyed to Japan in a letter from Mr George Shultz, the Secretary of State, to his Japanese counterpart, Mr Shintaro Abe, focused on plywood and other wood products, wine and spirits, which were not included in the market opening package of last October.

Nor does there appear much optimism that the longstanding dispute over Japanese imports of American beef and citrus fruits, especially oranges, can be resolved when the two sides meet here today. Japan has proposed a modest increase in quotas, insufficient in the opinion of the U.S., and the new minister of agriculture, forestry and fisheries has repeatedly stated that he will not allow Japanese farmers to be swamped by foreign produce.

Mr Abe, who has been designated chief negotiator by Mr Nakasone, is to go to Washington next week for further consultations. At home, the task of coordinating the government's response to U.S. pressure—which is likely to increase in the course of the Presidential election year—has been entrusted to Mr Toshio Komoto, head of the Economic Planning Agency.

Mr Nakasone: careful to avoid alienating backers

Though a relative liberal, it is unclear if Mr Komoto possesses the political clout to overcome entrenched Japanese vested interests, especially now that the Government, after its election losses, has to move very carefully to avoid alienating its commercial backers.

● Bilateral trade between Japan and China is likely to reach $11bn in calendar 1984, surpassing the record $10.4bn set in 1981, Japan's External Trade Organisation (Jetro) predicted, Reuter reports from Tokyo.

Japanese exports to China rose 40 per cent to $4.91bn in calendar 1983 from 1982, it estimated, attributing the rise to increased steel exports.

Japanese imports from China totalled $5.08bn in 1983, down 5 per cent, partly because of declines in crude oil prices.

● IBM and Oki Electric Industry will take part in a Nippon Telegraph and Telephone research and development programme on an automatic telegram system, industry sources said, Reuter reports.

Algeria's gas exports set to rise by 25% this year

BY FRANCIS GHILÈS

ALGERIAN natural gas exports could increase by as much as 25 per cent this year to 21bn cubic metres. But this amount is less than the 28.15bn cubic metres that customers in France, Italy, Spain, Belgium and the U.S. had contracted to take.

According to the Paris-based Arab Oil and Gas publication, Algeria's state hydrocarbons monopoly, Sonatrach, exported between 17.2bn and 17.6bn cubic metres of gas in 1983: France remains the biggest customer taking 9.1bn cubic metres, followed by the U.S. at 3.03bn and Italy at 2.2bn. Italy is expected to take delivery of 8.2bn cubic metres of gas in 1984, rather than the 6.3bn originally contracted for.

Meanwhile the Algerian budget for 1984 is based on projected earnings from oil and gas exports of Dinars 57bn ($11.42m) which would amount to a $1bn decline compared with last year's figure.

The budget shows an overall increase in expenditure of 7 per cent and totals Dinars 105bn. Income from exports of oil and gas will contribute 54 per cent of the Government's income compared with 59 per cent in 1983. Capital spending is being trimmed although allocations to some sectors such as railways is sharply up—Dinars 2.3bn, double 1983's figure. The allocation for communications is Dinars 3.5bn, education and training Dinars 8.5bn, infrastructure Dinars 5.4bn and dams and water schemes Dinars 3.3bn.

Imports are expected to be pegged at Dinars 48bn ($9.61bn) which would represent a $200m decline on last year's figure. This is in line with the unwritten rule which applies since 1980, that imports are trimmed or expanded according to the forecast for Algeria's oil and gas export income.

● Taiwan will spend Taiwan $32bn (£563m) up to 1990 to build a liquefied natural gas (LNG) receiving terminal and liquefied petroleum gas (LPG) stockpiling facilities. Chinese Petroleum Corporation (CPC) said, Reuter reports from Taipei.

A CPC spokesman said a T$31bn LNG terminal would be built at Hsinta in Kaohsiung, southern Taiwan, while LPG tanks, with a total volume of 55,000 tonnes and costing T$1bn, would be built in Taichung, central Taiwan.

He said Taiwan would start importing around 1.5m tonnes of LNG a year from Indonesia or elsewhere in 1990. Taiwan natural gas reserves, estimated at over 23bn cubic metres, are expected to be depleted in 16 years.

Malaysia paper plant deal won by Voest-Alpine

AUSTRIA'S state-owned engineering concern Voest-Alpine says it won a Sch 2.9bn (£104m) order from Malaysia to finance and build a paper factory in the state of Sabah, Reuter reports from Vienna.

Voest says a western consortium, led by Klockner-Stadtler Hurter of Canada and involving West Germany's Klockner Industrieanlagen, is investing $324.5m in the project.

Float glass contract

Two Japanese companies, Nippon Sheet Glass, and Toyo Menka Kaisha, have won contracts to build a ringgit 150m (£45m) float glass plant in Malaysia, Wong Sulong reports from Kuala Lumpur.

The plant, to be owned by Malaysia Sheet Glass Berhad, is sited outside Kuala Lumpur, and will have an initial capacity of 300 tonnes per day when ready in 1986. Half of its output will be for export.

Brazil, Ecuador barter

Preliminary negotiations for a 15,000 b/d oil barter deal between Brazil and Ecuador have been finalised, as part of a policy to promote trade co-operation between Brazil and oil producing countries, Opecna reports from Sao Paulo.

Polyester price cut

Filipinas Synthetic Fibre Corporation (Filsyn) yesterday reduced the prices of its polyester fibres and filament yarns on orders of the Government, Leo Gonzaga reports from Manila.

Tourists undeterred by Hong Kong uncertainty

BY ROBERT COTTRELL IN HONG KONG

HONG KONG increased its tourism revenue by 26 per cent in 1983 to HK$11bn (£995m) the Hong Kong Tourist Association (HKTA) reported last week. The growth was the sharpest recorded in the last 10 years.

Mr Duncan Bluck, the Association's chairman, said the weakening of the Hong Kong dollar had helped promote tourism and that thep ublicity given to the territory's uncertain future had, on balance, had a positive effect on tourism.

The number of visitors rose by 6·4 per cent to 2.775m in 1983 while the amount spent by the average tourist rose 30.7 per cent to HK$3.785 during an average 3.57 night stay.

Hotel bills accounted for 27 per cent of the tourists' outlay eating out 9 per cent, entertainment and tours 3 per cent each, but by far the largest proportion—56 per cent—was spent on shopping in the duty free port.

Hotels had a good year by international standards, with an occupancy rate of 83 per cent against a world average of 70 per cent. For 1984, the association forecasts that arrivals will rise 4 to 5 per cent.

● China's National Tourism Administration said yesterday that 872,500 foreign tourists visited the country in 1983, an increase of more than 14 per cent over 1982.

The statistics were released during a national conference on tourist hotels aimed at improving guest services in China, which is attempting to make tourism a major earner of foreign exchange.

● A record 1.198m foreign tourists visited South Korea in 1983, up 4.7 per cent from a year ago, according to the Korea National Tourism Corporation, AP-DJ writes from Seoul.

Japan, accounting for 51.8 per cent of the preliminary total, remained the biggest contributor with 529,300, up 2.2 per cent from the previous year, followed by the U.S. with 175,300, up 15.9 per cent and Taiwan with 96,700, up 4.8 per cent, the agency said.

S .African group to buy UK robotics systems

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE industrial and telecommunications subsidiary of the South African Premier Group has signed a distribution and technical collaboration agreement with the British robotic systems company Dainichi-Sykes.

Hampo Systems will purchase robots from Dainichi-Sykes and, with the assistance of the British company, design and build automated manufacturing systems.

The British company said yesterday that South Africa was largely an untapped market, though robots from Scandinavia and Japan are sold in the country. Hampo's activities already include the supply of telecommunication and other computerised equipment.

Dainichi-Sykes was set up three years ago in an agreement between the British Sykes Group and Dainichi Kiko, Japan's third largest robotic company. At the moment, D-S obtains complete robots from Japan which will now be shipped to South Africa.

The British company intends to assemble robots from Japanese-supplied knockdown parts next year and has announced that it will set up a full manufacturing operation in Europe.

D-S and Dainichi Kiki agreed last year a technical collaboration arrangement with Jaguar Cars for the development of automated manufacturing within the car company.

The two robot companies were also part of a tripartite collaboration agreement signed the same year with Thomson-Brandt, the French electrical and engineering group.

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TECHNOLOGY

EDITED BY ALAN CANE

NEW ION TECHNIQUES PIONEERED AT HARWELL

Oxygen blast for chips

BY PETER MARSH

BRITISH RESEARCHERS are to build a £1.2m ion-blasting machine that could give the country a world lead in advanced areas of chip production.

The machine, at the UK Atomic Energy Authority's research laboratories in Harwell, Oxfordshire, should be finished next year.

With the device, workers will bombard silicon with high-energy oxygen ions. These will form a layer of insulating material about one micrometre (millionth of a metre) beneath the surface of the semiconductor.

The approach promises to become a cheap, straightforward way of engineering an insulating layer in microelectronic devices.

The layer electrically separates adjacent circuit elements such as transistors, making possible high-performance chips.

The Department of Trade and Industry is contributing half the cost of the Harwell machine, work on which should start by the summer.

Organisations such as GEC, Plessey and British Telecom are putting up the rest of the cash. The machine, which will take up the space of an average sitting room, will be available for use by industry and researchers from higher education.

Surrey University and Middlesex Polytechnic are among the institutions that will participate in the project.

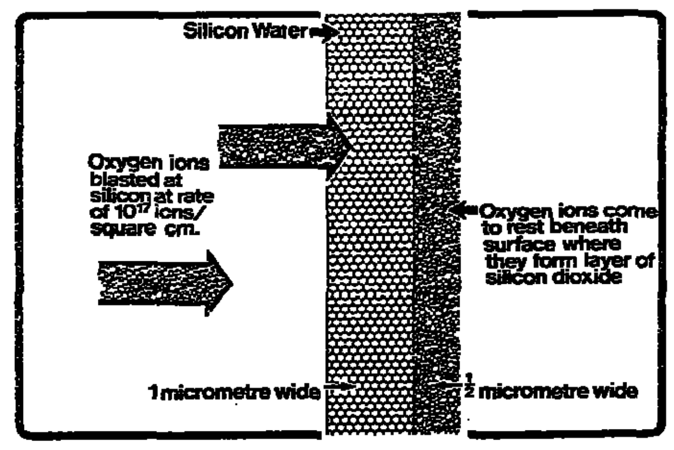
Implantation

The Harwell machine will be based on ion implantation, a technique well known in the semiconductor industry.

Ion implantation has become an established way of infiltrating into semiconductors "dopant" materials that are responsible for the electronic properties of chips. Typical dopants are boron and arsenic.

In the Harwell technique, ion implantation will be turned to another use — to produce what semiconductor engineers call a "buried dielectric."

A stream of oxygen ions at 200 kV will be blasted at a silicon wafer. The Harwell machine will use a very high ion current — more than 100 mA, compared to less than 10 mA for conventional ion-implantation machines.



Harwell's new ion machine could lead to more powerful chips

This high current ensures that a lot of ions enter the semiconductor in a short time.

To produce a layer of between half and one micro*metre in thickness*, electronics researchers need to inject into every square centimetre of chip lattice no fewer than 10" ions of oxygen.

With the relatively low currents of conventional machines, to position this huge volume of *ions would take days.*

Inside the chip lattice, the oxygen combines with silicon atoms to give silicon dioxide. This acts as a thin layer on top of which, in later stages of the manufacturing process, engineers position "islands" of doped material that act as individual circuit elements.

The process must take place at 500°C. This high temperature stitches together gaps in the lattice torn by the oxygen ions as they plough through to their final position.

In conventional methods of producing a layer of insulating material, engineers deposit silicon from a vapour onto a coating of silicon dioxide.

But silicon deposited in this way is in the polycrystalline *form which is unsuitable* for high-speed electronic circuits.

Single-crystal silicon, the kind favoured by semiconductor engineers, does not "seed" naturally on silicon dioxide.

In Britain, GEC has pioneered work in silicon-on-sapphire technology, in which single-crystal silicon is grown on an insulating layer of aluminium oxide. But this approach is relatively expensive.

In the U.S., Texas Instruments, Motorola and IBM are trying to produce a buried dielectric with ion implanters. NTT of Japan is doing similar *work.*

According to researchers at Texas Instruments, the technique could produce such layers up to 16 times faster than established methods.

Licence

If the Harwell machine shows promise, Marconi Avionics, part of the GEC group, says it may manufacture the device under licence.

The machine would be compatible with other high-energy hardware that Marconi Avionics makes. The company has con-~~red for some years whether to build equipment for chip production.

Mr Louis Steen, managing director of Applied Implant Technology of Horsham, Sussex, said that buried dielectrics have a "big future" in the semiconductor world but full production processes involving the technology is "three to five years away."

Applied Implant is a subsidiary of the Californian company Applied Materials, a leading manufacturer of chip-production hardware.

Applied Implant has already benefited indirectly from Harwell's pioneering work in ion implantation in the *1960s.*

This was through the U.S. company's purchase in 1980 of Lintott Engineering, a British company that had taken out a licence on the Harwell research.

Sinclair's new machine assessed

One for the record . . .

BY JASON CRISP

HOW FAR is a quantum leap? Sir Clive Sinclair has—with characteristic chutzpah—named his latest personal computer the QL, because he believes it is a "quantum leap" in microcomputing.

At £399 it is by far the cheapest computer to use a 32-bit micro processor. The price includes a 128K random access memory, two microdrives for mass memory (with 100K *storage)*, and four business oriented applications programs including wordprocessing and a financial spreadsheet.

The machine is powerful enough to run several computer programs at once—and to display these in different parts of the screen.

The inbuilt electronic memory (the 128K RAM) is comparable with much more expensive computers and is enough to store a long and sophisticated program.

Sinclair is also to sell a RAM expansion board which would give the machine a total memory of 640K. Each of the microdrives can store the equivalent of about 14,000 words of text, which is roughly what you could cram onto two pages of the FT without headlines, illustrations or adverts.

Sinclair Research has developed its own operating system, QDOS. This drives the Motorola 68000 microprocessor at the heart of the QL.

The operating system establishes the performance of the microchip and enables it to run several programs at once.

The company has also developed for the QL a new programming language, called Sinclair SuperBASIC.

Sir Clive says that it bears *little relation to the well-known* and widely used BASIC language. "BASIC has been criticised for being 20 years old . . . We have put right all the things wrong with BASIC, in fact it is so different it probably deserves a different name," he *said.*

Only four programs were last week available for the QL. The programs, included in the price, were written for Sinclair by Psion, a small British computer software company founded in 1980.

The four are word processing, a spreadsheet for financial planning, database management for filing, and business graphics for producing graphs and charts.

The four programs indicate Sinclair's strong interest in the business customer. Word processing and financial spreadsheets are the main use of personal computers in commerce — and word processing is also an important application among scientific and home users of micros.

Up to 64 QLs can be linked in a network, which the company believes will make the machine more attractive to people in offices.

But the QL does not have a modem — for connecting other computers via a telephone line — nor a facility to link with a Winchester disc drive, for much more powerful and fast mass memory storage. Both are still under development.

. . . and one for the road

BY LOUISE KEHOE IN SAN MATEO

APPLE COMPUTER will show its cards by introducing a new range of personal computers this week, but the company still has an ace up its sleeve.

Sometime soon, possibly in April, Apple is expected to announce a portable version of its stalwart Apple II personal computer.

The introduction is eagerly awaited by hundreds of thousands of Apple II owners who yearn for the convenience of a carry along computer that can run programs from their existing machines.

An estimated 16,000 application programs have been developed for the Apple II over the six years since its introduction. Most of them are expected to run also on the new portable.

Apple has not released any details of the product, but it is reliably *described as weighing* 10-12 pounds, being very small, and to be priced under $1,000.

It remains to be seen whether the portable will, like the Apple II, be an upgradable machine. Although the Apple II's performance has been surpassed by any number of newer personal computers over the past few years, one of its charms remains that users can grow up with their machines.

Most Apple II owners add boards of memory, communications or other enhancements to *their machines.*

Since many of the more powerful programs designed for use with the II assume such upgrades have been made it is to be hoped that the new portable will provide the same flexibility.

For Apple, making the II portable cannot be too difficult. The company reduced the electronics of the II to a single board of only 32 chips when it announced the new IIE last year.

Although the IIE looks like an older II, or II Plus, on the outside, it has a lot of space and very little else inside.

Finally, it seems, Apple will get around to reducing the size of the II to portable proportions.

A possible reason for Apple's delay in making the obvious move toward portability may have been the company's reluctance to eat into Apple II sales.

Now, the time for truly portable computers has come, suggest industry analysts. Alex *Stein, a senior analyst at Data*quest, predicts that the market for portables is about to take off. He expects growth of 238 per cent per annum—starting from zero in 1981 and growing to 1,320,000 units in 1987.

He expects both Apple and IBM to enter the market this year. "The portable Apple will be highly marketable" he agrees. IBM's portable will address the high end of the market, says Stein.

The price is expected to be *in the region of $3,500.* "*If* IBM's portable is compatible with its desk top personal computer, it will be a natural fit in the corporate market," says Stein.

Security

Reliance goes for mag cards

RELIANCE SYSTEMS, part of GEC Information Systems, has entered the security access market, deploying magnetic card readers linked to electronic control units or to the company's existing time and attendance recording equipment.

Individuals' badge cards, inserted into terminals at access points will only unlock the door, gate or barrier *if* the card holder is allowed into the area at that time.

Zones and times of access for each card holder are programmed via secure keyboards on the control units and can be changed whenever necessary.

There are three versions of the system. The CA 100 is a stand-alone unit for one entrance that will accept up to 500 cards while CA 200 takes 2,000 cards and covers two entrances. The biggest system, CA 480, is centrally controlled for up to eight entry points per control unit, can accommodate 2,000 cards and also will print out the exact whereabouts of any of the card holders. More on 0933 225000.

Networking

Ethernet extended

DEVELOPED BY Sension Scientific of Northwich, Cheshire, is digital repeater *that will allow an Ethernet* local area network to be extended to a total length of 3.5 km by connecting up to six of the repeaters between communicating devices.

Using the Sension repeaters an Ethernet can be constructed covering an area of about 8 sq km, embracing a large complex of buildings.

Also available is a version that will allow extension of an Ethernet by the use of fibre optics. These repeaters *give high isolation and noise* immunity for distances up to 1 km and the system is particularly useful where high security of data is needed. More on 0606 44321.

Graphics

Electronic business slides

CONCEPT MARKETING is offering a fast, electronic form of business presentation slide production from its Bourne End, Bucks, offices.

Via keyboard and screen, finished colour slides are produced rapidly from customers' data and at prices which are often less than those resulting from paper artwork produced in the conventional way.

The equipment used is made by Genigraphics of New York and is a form of colour computer-aided design system with built-in camera for recording images direct from screen to 35mm film.

Graphics designers have been employed by the company who, after training, are able to apply their skills to a screen rather than paper. The designers work with the customer to translate his ideas into images, ensuring that his company's house style and other criteria are met. If a trial slide is approved, the remaining slides are composed on the same lines.

The slides are stored on floppy discs, and can easily be amended or updated. The system also allows animation by progressive changes from one slide to the next and recording on 35mm movie film.

The standard turn-round time *for slides is four days,* although a same-day service can be offered subject to surcharge.

Concept, which originally spent £0.25m to set the service up, has recently installed lower cost but more sophisticated Genigraphics equipment and is now able to offer slides at £25 to £30 each. According to Nick Winton, the managing director, slides made from conventional artwork can easily cost several times as much.

The business presentation *slide market is put by* Mr Winton at about £100m in the UK alone, of which at least 30 per cent involves sufficient graphics to make his service attractive. More on 06285 29541.

Scott Lithgow shipyard to lose 3,000 jobs

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

BRITISH SHIPBUILDERS yesterday announced 800 immediate redundancies at its Scott Lithgow shipyard on the Lower Clyde in West Scotland with a further 2,200 jobs to be lost by March.

As a last resort to save the remaining jobs at the offshore yard, the state-owned company is talking with potential buyers. The yard employs 4,300 people.

The speed of the rundown shocked union delegates at what was regarded as final talks with British Shipbuilders on the fate of Scott Lithgow. The yard has faced near-certain closure after Britoil's cancellation in December of a £88m contract for a semi-submersible drilling rig. The rig was two years behind schedule.

Mr Maurice Phelps, of British Shipbuilders, said that apart from the immediate redundancies, more men would be laid off depending on whether they accepted a three-shift working system to complete the yard's two remaining orders.

Mr Graham Day, British Shipbuilders' chairman, did not use the word closure at yesterday's talks. It was clear he did not want to prejudice the search for a buyer for the ailing shipyard. He told reporters the only future would be if Scott Lithgow was taken over by a third party.

The chairman said: "The only possibility which was discussed was if there should be another organisation which has credibility in the offshore business who perhaps would be able to negotiate with Britoil and quite frankly, profit by the losses of British Shipbuilders."

Talks were under way with a number of companies, he said. He declined to give details, apart from indicating that these could include the big offshore fabrication yards.

Mr Jim Murray, chairman of the trade union negotiating committee, said the talks had broken down. "As far as we can see the position, it seems clear that the closure of the Scott Lithgow group is inevitable."

Shipbuilding unions, which have opposed the sale of Scott Lithgow to the private sector, are to discuss the position today in London. Mr Duncan McNeil, the local union secretary at Scott Lithgow, said British Shipbuilders had "run away from its responsibility both financially and morally."

He said mass meetings of the workers would be held later this week and that the unions would not co-operate with management proposals.

Mr Day said British Shipbuilders was very concerned at the social situation resulting from the cuts.

About 90 per cent of the Scott Lithgow workers live in a four-mile radius of the shipyard in the towns of Greenock and Port Glasgow. One study has estimated that a further 4,000 jobs would be lost through a closure. It would be the largest industrial blow to Scotland since the closure of the Linwood Talbot car plant in 1980 with more than 4,000 job losses.

Mr Day said: "This is a miserable situation from which none of us can take any satisfaction. In no way are we suggesting that sole responsibility rests primarily with the workforce."

Management, he said, had to take its share off responsibility. Scott Lithgow has been criticised for failing to undertake the necessary changes in managerial and work practices to transfer from a shipyard to a yard with offshore capability.

Mr Day repeated that he was not ready to renegotiate the contract with Britoil. Scott Lithgow had had lost £260m in the past 10 years and British shipbuilders was not prepared to go to the Government to fund further losses.

EMPHASIS ON TECHNOLOGICAL CHANGE AND COMPETITIVENESS

Tebbit reshapes trade ministry

BY JOHN LLOYD, INDUSTRIAL EDITOR

A RESHAPING of the Department of Trade and Industry into a unified, export-oriented commercial department will be unveiled within the next two weeks.

Mr Norman Tebbit, the Trade and Industry Secretary, will make an ambitious attempt to remould the department, placing the aims of competitiveness, efficiency and technological change at the centre of its work.

The previously separate departments of trade and industry were brought together after the last election following nine years – from 1974 – of separate existence. Mr Tebbit's concern in the restructuring of the ministry is to unify policy and execution so that "industrial" and "trade" sides work to the same end rather than – as in the past – pull against each other.

The industrial divisions will be given more scope than before to pursue their individual policies beyond the domestic to the international level. Thus, where Government policy is to support a given industry – as, for example, computers – this will be reflected in trade policies directly rather than, as previously, indirectly or not at all.

Within the department, this will mean a greater degree of collaboration between the formerly distant trade and industry officials, and will also mean that the industrial side of the ministry is strengthened vis-à-vis trade.

Part of the reason for the restructuring will be to centralise the sprawling functions of the department, in order to make them more coherent both to the ministerial team and to the departments clients and "customers" at home and overseas. For example, the plethora of special programmes and grants will be sharply reduced in number to increase accessibility for clients.

Coal board heads for £200m loss

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE NATIONAL Coal Board (NCB) is heading for a loss of about £200m in the present financial year, of which some £15m-£20m is due to the effects of the mineworkers' overtime ban.

A loss had previously been forecast at about £185m, and the final figure depends on the duration of the ban and on productivity trends.

A meeting of the Coal Industry National Consultative Council, which brings together the three mining unions and the board, was told that production this year was running some 5m tonnes below budget, of which 3.6m tonnes is due to the effects of the ban.

Mr Arthur Scargill, the National Union of Mineworkers' president, angrily accused the board of lying over lost production saying that it had misrepresented the effects of the ban in its press statements.

In a clash with board officials at press briefings after the committee meeting ended, Mr Scargill challenged the figure of 3.6m, saying that the union "had a clear shorthand note" of what was said in the meeting, and that the loss of production due to the ban amounted to 5.5m tonnes.

However, Mr Robert Dunn, the NCB's director of mining, said that the downward trend in production was evident before the ban started 12 weeks ago. The drop in production below budget reflected success by the board in closing pits more quickly than it had expected.

Productivity had continued to increase throughout the period of the ban until the last few weeks, when it has shown signs of decline.

Venture capital deal opens way for UK floppy disk plant

BY ROBIN REEVES

BRITAIN'S first fully- integrated floppy disk manufacturing plant is to be established at Cwmbran, south Wales, with the aid of a £7m venture capital package involving the Welsh Development Agency (WDA) and major City of London funding.

Parrot Corporation, a new UK company formed by four former senior executives of the U.S. disk manufacturer, Wabush Datatech, plans to produce some 50m disks a year initially and capture at least 5 per cent of the rapidly expanding world market for the product – a standard computer programme storage device used with a wide range of mini, personal and small business computers.

Production is scheduled to begin in a year's time in a specialist plant to be built by the WDA at a cost of some £2.25m. But Parrot will start trading immediately from a WDA factory at Rogerstone, Gwent by processing imported material.

It is doing this to build up sales – the company says it already has orders worth £250,000 – and to provide training facilities for the workforce, which is due to reach 300 after three years and eventually rise to 450.

Mr Alan Sutton, the WDA's investment director, said he believed that the funding arrangements for the project made it the largest venture capital start-up in Western Europe, as well as an important breakthrough in investment collaboration between the WDA and the private sector.

The WDA is the lead investor with a £1m, or 20 per cent equity stake in the company. The private sector investors are Legal and General Assurance (£700,000), CIN Industrial Investments (£700,000), Commercial Union Insurance (£300,000) and the management team (£300,000), giving Parrot an equity base of £3m.

In addition, the package includes a £2m, loan to buy plant and machinery which will be raised from either a UK or U.S. bank, or the European Coal and Steel Community. Regional Development grants and Welsh Office selective financial assistance make up the remainder of the £7m package.

Parrot calculates that present world floppy disk capacity is about 285m units a year against a demand of 350m units and an annual growth rate of 30 per cent compound. It plans to export some 60 per cent of the Welsh plant's output.

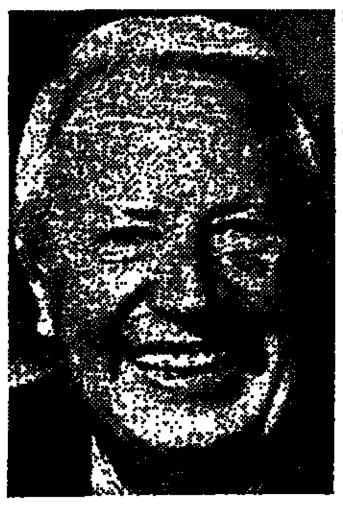
Heath leads attack on Tory rates Bill

BY IVOR OWEN

BY SEEKING draconian powers to limit the right of local authorities to increase their rates (property taxes), the Government was striking at the roots of the Conservative Party's philosophy and its commitment to freedom, Mr Edward Heath, the former Prime Minister, said in the House of Commons last night.

In an onslaught on the Rates Bill he recalled that the revival in the party's fortunes after the Second World War was marked by Sir Winston Churchill's forceful presentation of the campaign theme "set the people free."

To cheers from the Labour Opposition benches and to the clear embarrassment of ministers and their supporters, Mr Heath insisted "It was not the theme that we should set the people free to do what we told them."



Edward Heath: warning

Another former Tory Cabinet minister Mr Geoffrey Rippon, also fiercely denounced the Bill and, going further than his former leader, who contented himself with a call for its withdrawal, indicated that he would vote against it.

Optimistic Labour MPs enthused over the prospect of a significant Conservative revolt at the end of the debate, but the composure of other senior Tories reflected their confidence that the Bill was in no danger of defeat, when the vote was taken late last night.

Mr Heath urged the Government to withdraw the Bill, pending the outcome of an inquiry into the relationship between the functions and finances of local government.

To the consternation of Conservative MPs he suggested that the ending of agricultural de-rating should be amongst the issues examined. "I do not want to see present Bill carried through," he said.

Mr Heath encountered some sniping comments from Government loyalists on the back benches around him, when he argued that limiting the power of local authorities to levy rates would alter the balance of power between central government and local government in favour of Whitehall.

He brushed aside earlier comments by Mrs Margaret Thatcher, the Prime Minister, underlining the fact that the Bill would still leave local authorities with considerable powers to levy rates – but not unlimited powers. Mr Heath reminded Government supporters that it had also been one of the Conservative Party's themes under Winston Churchill's leadership that local government should be local.

He maintained that, if it was accepted that local councillors knew best the services required in their areas, it followed that they should also be allowed to raise the resources needed to operate them.

It was not possible, he said, to say that local authorities knew best, and then insist that a minister should tell them how to exercise their judgment.

Mr Heath also refused to accept the Prime Minister's view that, because the House of Commons was responsible for national taxation, it should also have responsibility for the taxation which local authorities levied through rates. He protested: "The logical conclusion of that is that local government finance should be taken over by central government."

The debate continued.

UK NEWS

The BAe-146 has stolen a march in California, **Lynton McLain** writes

How British Aerospace won the West

CALIFORIA is the fiercest battleground in the world for civil aviation, and local airlines are about to face competition from a small British airliner designed largely for low-density routes in the Third World.

At least 12 airlines fight for customers on the busiest routes between Los Angeles and San Francisco, whereas two competitors is often the norm on similar routes in the UK.

So competitive is the California market that free holidays and ocean cruises are offered to regular travellers in the battle for passengers.

The British Aerospace 146 appears tailor-made, to the surprise of its designers, for the California market, and has stolen a march on Boeing and McDonnell Douglas, giants in the world of civil aviation, right on their own doorstep.

Neither of the U.S. makers has an aircraft to compete with the 100-seat 146. McDonnell Douglas cancelled its possible competitor, the MD 90, last year.

The four-engined airliner was designed with low operating costs, low noise and engineering simplicity to appeal mainly to countries without highly - developed airports, where low traffic volumes could not justify elaborate ground facilities.

California could not be more different. It has one of the wealthiest markets in the world. Flying is a daily routine and airports are elaborate and well-developed.

The 146 was conceived by Hawker Siddeley Aviation in the late 1960s, before rocketing fuel prices, noise sensitivity and airline de-regulation changed the face of civil aviation, especially in the U.S. and most intensely, on the U.S. West Coast.

Few senior managers at Hawker Siddeley, later nationalised with BAC and now the British Aerospace public company, seriously expected to sell one, let alone 20 of the 146 airliners to the market leader on California's bitterly-contested domestic air routes.

'Breakthrough'

Yet this is what BAe has achieved in less than six months with a $300m (£214m) order, signed in November, from PSA, parent corporation of Pacific Southwest Airlines. The first of the 20 BAe 146 airliners for PSA will be delivered in May, the start of the largest UK civil aircraft order for 20 years.

British Aerospace managers were not embarrassed in admitting to PSA directors in their San Diego headquarters last week that "BAe five years ago did not see PSA as a potential customer, as the 146 was designed originally for the Third World.

"The concept of the 146 was not quite geared to the California market, but this PSA order is an absolute breakthrough." BAe said.

Mr George Shortley, senior vice-president, finance, and chief financial officer, and the man buying the 146, would like fuel prices to rise by 50 per cent, from the $1.02 average cost per U.S. gallon in 1982 to $1.50.

He believes this would force PSA's competitors not operating the 146, but with older airliners, to cut capacity.

BAe's success also stems from the sharp change in the airline market in the U.S. and especially California, over the past year, even though the Airline Deregulation Act was passed in 1978.

The 146 has suddenly become the best solution to a host of environmental, fuel efficiency and marketing problems faced by many airlines in California.

Intense competition has long been a feature of the California skies. The total available airline seats between Los Angeles and San Francisco rose by over 40 per cent in September compared with last spring. The seven carriers on the route in the spring were joined by at least four more by the autumn.

PSA, the largest operator in terms of available seats, responded vigorously, increasing service between the two areas from 40 to 70 return flights a day.

In the air corridor, taking in three San Francisco Bay area airports and five Los Angeles metropolitan area airports, over one-third of all flights are by PSA.

But the cost has been high. Each of the 7m passengers carried by the airline in 1982 throughout California was flown at a loss of $1, giving a total operating loss of just over $7.1m.

The PSA decision to buy the 146 started, ironically for Boeing, with a study of the Boeing 757 twin-jet. "We failed to convince ourselves that we needed the 757," said Mr Paul Barkley, PSA's president and chief operating officer.

"For the first time in our corporate history, we thought maybe we wanted a smaller, not a larger, aircraft."

Lower costs

This would result in lower trip costs, but with a possible penalty in seat-mile costs. The BAe 146 had the least penalty in seatmile costs, which, at 7.5 cents per seat mile, were the same as PSA's fleet of McDonnell Douglas Super 80 jets.

This compares with the airline's average of 8.04 cents per seat-mile in the nine months to September 30.

PSA now operates 24 Super 80 airliners, eight Boeing 727s and four DC-9-30s. Two more Super 80s will be delivered by the end of this year when all the airline's 727s will have been phased out and the 146 phased in.

Eventually, the airline will have only Super 80s and 146s. The latter could outnumber the former if PSA exercises its option to take 25 BAe airliners on top of the 20 ordered so far

Gold predicted to lose its glister in 1984

BY PHILIP STEPHENS

GOLD investors can expect a lacklustre year in 1984, according to the City of London stockbroker Phillips & Drew. The firm predicts that the average bullion price will rise only slightly to about $450 an ounce, compared with last year's $425.

In its yearly analysis of the gold market, the broker forecasts that the price could dip below $350 in the spring before consolidating around the mid-$400s in the summer and rising to about $500 in an end-year spurt.

A significant increase in supply during 1984, mainly from new Western mining capacity, will do much to offset increased demand from the jewellery trade and from manufacturing, limiting the scope for sharper gains in the gold price.

Phillips & Drew says that net investment demand for gold is likely to be hit by official bullion sales by Latin American debtors, particularly Argentina and Venezuela, and by smaller purchases by Iran.

Overall supply is put at 1,525 tonnes, with 1,125 tonnes coming from Western mines, 275 tonnes from scrap and 125 tonnes from the Soviet Union.

The Broker admits that it is notoriously difficult to predict Soviet bullion sales, but says there are grounds to expect a modest increase in the estimated 100 tonnes sold in 1983.

On the demand side, purchases by the jewellery trade are expected to rise to 825 tonnes and manufacturing is forecast to absorb 250 tonnes.

Coins will account for a further 175 tonnes and net investment 275 tonnes, giving rough balance in the market.

For speculators, one of the most bullish factors is the expectation that the U.S. presidential elections will throw up "financial excesses", the broker says. Economic pump priming by the Reagan Administration would increase the chances of inflation getting out of control and would thus boost gold.

BBC microcomputer in $174,000 U.S. order

BY RAYMOND SNODDY

THE BBC Microcomputer has won its largest single order so far in the U.S., worth $174,000. A secondary school in Phoenix, Arizona has ordered 170 of the machines, which are manufactured by Acorn. The order was won in a public bid against Apple and Atari.

The deal comes amid growing signs that the BBC is likely to renew its contract with Acorn to provide the BBC Micro, if satisfactory financial terms can be agreed.

Acorn's three-year contract with the BBC ends in August, but a decision on its renewal will probably have to be taken within the next two months.

Sir Clive Sinclair has argued to BBC Enterprises that a Sinclair machine should be considered, and other microcomputer manufacturers have expressed an interest.

No final decision has been taken and BBC Enterprises are still talking to a number of companies, but there would be serious practical difficulties if the contract with Acorn was not renewed.

The main one is that nearly 250,000 have been sold – including 14,500 overseas. The software for the computer is incompatible with most other machines.

By the end of this financial year BBC Enterprises will have earned nearly £8m in royalties.

There is also an argument in the BBC that the initial contract was allocated by tender, and Acorn should not now be penalised for its subsequent success.

The BBC move into computers and computer education has earned considerable sums for the Corporation

The first series of "The Computer Programme," has been sold to 27 countries for both educational and broadcasting use. The countries have included the U.S. and Japan, Jordan and India. The second series, "Making the Most of the Micro," has already been bought by 15 countries.

Whitehall studies merger code

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

NEW GUIDELINES for determining which mergers should be investigated by the Monopolies and Mergers Commission have been drawn up by Whitehall officials in an attempt to end some of the present confusion surrounding the Government's merger policy.

The guidelines are due to be discussed shortly by a Cabinet committee before being made public.

An internal review of merger policy is understood to have recommended that a shift in emphasis be made to ensure that in general only those mergers which have a significant adverse effect on competition should be investigated.

At present the Trade Secretary has considerable discretion in deciding which mergers should be investigated, and critics have argued that this leads to uncertainty.

However, the review is understood to have also made clear that the Government should be able to refer certain mergers in exceptional circumstances where competition issues are not important. Takeovers by foreign companies could come within this category.

The review is also understood to have recommended that the financial threshold for determining which mergers may be investigated should be raised. At present bids of £15m or more may be investigated; the review is believed to have urged a minimum of between £25m and £30m.

In addition, the new guidelines will include tightening the rules concerning confidential advice given to companies before a merger is announced, as well as recommending that the Trade Secretary should give more explanations for merger decisions.

The review is unlikely to be published in its present form but, if accepted by other departments, the guidelines will probably be revealed in a speech by a senior minister from the Trade Department.

PA share claims by 150 'heirs'

By Alan Pike

THE PRESS ASSOCIATION (PA), the British national news agency is writing to 150 people who believe that they may hold valuable shares in the agency and asking them to establish their claim.

Some of the people believe that they have the entitlement to shareholdings which could be worth £1m or more. This is because the Press Association holds 41 per cent of the shares of Reuters, the international news agency and financial information service, which is likely to be publicly floated later this year. Reuters is expected to have a market value of £1bn or more.

About 1,800 Press Association shares – or 2 per cent – have no known present-day owners (the agency has not paid dividends). News of the missing shareholders, and the impending Reuters flotation, has encouraged a rush of inquiries from people who believe they are the heirs of the original Press Association shareholders.

Some of the approaches to the Press Association appear to be based on no stronger evidence than that the people concerned once had relatives in the press.

Mr Jack Purdham, the agency's financial controller, said these applicants would be asked for evidence to support their claims. Mr Robert Fawsett, the agency's solicitor, has been appointed untraced shares trustee.

Air fare discounts under scrutiny

BY ARTHUR SANDLES

AIRLINES and air travellers are being asked whether they think the wide range of rates for different users should be stopped, or broadened.

The Civil Aviation Authority (CAA), which authorises fares for airlines both domestic and foreign which use UK airports, is seeking evidence before deciding its policy for the next few years.

At the moment the CAA takes a discouraging view of what are known as discriminatory air fares. These fares give special low rates to particular groups – the elderly, the young or some professions, for example.

The most extreme example is that of seamen, who pay considerably reduced fares to join their ships. "It could be argued that shipping companies benefit compared with other users to the extent of tens of millions of pounds by fares available only to seamen," the CAA says.

The authority is under considerable pressure from consumer bodies to keep all fares even and free from unpublished discounts. Airlines are keen to offer discounted rates where these are seen to fill seats which would otherwise be empty. A mid-week granny fare in the off-season is an example of the latter.

"One of the main arguments for the present policy is that it stops the further proliferation of fares which are denied to the general public," says the CAA. "It also helps to save passengers who pay the full fare from paying higher fares to offset the cost of further concessions."

The CAA's position is further complicated by a general mood of deregulation within the UK Government, which would mean leaving the airlines to make up their own minds about fare levels; and by the complexities of relationships with other government agencies, ranging from the relatively easy-going Americans to the strict controls of France and Scandinavia.

The airline industry might argue that discriminatory fares are a way of promoting traffic which might otherwise not be there. The CAA has suggested in the past that the business traveller suffers because full rate fares have to be increased in order to maintain profitability.

Comments on the present policy are invited by the CAA "either to endorse it or to suggest changes, with a rationale to accompany any proposed changes." Views are sought by the end of next month and those not marked "confidential" will be open for public viewing.

● The authority has agreed to a request from Scotland's Air Ecosse to be freed from restrictions on its competition with British Airways on the Aberdeen-Glasgow route.

At the moment Air Ecosse is restricted to 15 seats daily. British Airways objected to more seats being offered, but the Scottish Consumer Council backed the Air Ecosse plea for greater freedom.

British and Dutch joint gas pipeline considered

BY WALTER ELLIS IN AMSTERDAM AND IAN HARGREAVES IN LONDON

INFORMAL TALKS have started between the British and Dutch Governments about the possibility of building a gas pipeline between the two countries.

The idea, still at an early stage, would be to provide a two-way channel for gas to flow between the two countries. If that were to happen, it would require a reversal of British Government policy, which prevents the export of natural gas from the UK continental shelf.

The talks have been confined so far to informal exchanges between ministers. Gasunie, the Dutch gas utility, said it had been instructed to present preliminary ideas to the country's Economics Ministry.

The move follows the recent and far-reaching decision of the Dutch Government to permit Gasunie to extend existing gas export contracts and to seek new ones.

Previously, government policy had been to conserve dwindling gas reserves. But a recent revision of the official reserve estimates has been a factor in a switch of opinion. According to this latest survey, the Netherlands will be able to continue to extract gas at the current rate until the year 2055.

The Government of Mr Ruud Lubbers sees additional gas exports as an important contribution to its overall economic strategy.

Last year, Dutch natural gas sales increased by 4 per cent to 73.9bn cubic metres, reversing the downward trend of the two previous years. Sales to France rose by 30 per cent to 7.4bn cu m and to West Germany by 2 per cent (16.8bn cu m). The UK, however, would represent a large untapped market.

The UK considered an import pipeline from the Netherlands in the mid-1960s before discovering large reserves of gas in its own sector of the North Sea.

Because of falling domestic gas production, British Gas has been forced to buy increasing quantities of gas from Norway and it is negotiating at record prices to secure supplies from the Norwegian Sleipner field.

Dutch supplies might prove cheaper, and if a pipeline were in place it would improve the British bargaining position.

There is also growing interest on the British side in exporting gas, which has never been permitted in the past on political grounds.

The possibility of direct connection to an important Western European market, some gas producers argue, would provide incentives for gasfield development in the UK sector of the North Sea.

● Shell has awarded a contract worth about £35m to Saipem of Italy for laying a 180-mile gas pipeline from the Fulmar gasfield in the North Sea to St Fergus, near Peterhead, Scotland.

Work will start in the spring and the pipeline should be commissioned by 1986. It is part of a £315m project to harness gas and gas liquids from a peak oil output of 180,000 barrels a day from the Fulmar field.

Shell's intention is that the facility should also, towards the end of the decade, transport gas from the Clyde field.

A £15m contract for the steel for the pipeline was awarded to the British Steel Corporation in advance of the Government's final approval for the project, which was given last August.

U.S. tops overseas list for job seekers

By Michael Dixon

OVERSEAS JOBS with big U.S. companies top the popularity league for people wishing to leave Britain to work abroad, says a survey published by the Overseas Recruitment Services (ORS) group. Foreign postings with big British concerns are less favoured.

"I surmise that applicants believe that American companies may pay better salaries," Mr Tony Reeves, the group's managing director said.

But postings with the British companies were far more popular with the 668 applicants questioned than was their third preference – to work in a joint-venture company set up by a Western concern and a local organisation.

When asked which countries they would most like and also least like to work in, the 668 people revealed sharply split views on Saudi Arabia. Enough favoured it to put it at the top of the most-preferred league, but the number disliking it was sufficient to make it the least-liked country as well.

Second place in the most-preferred league went to "any other Middle East country," with North America third, the Far East fourth and EEC nations fifth.

African countries including South Africa and Libya were only a little less disliked than Saudi Arabia. Argentina, which was the most unpopular country in the ORS group's 1982 survey, improved to seventh place in the least-liked league, being rated only slightly more unpopular than the EEC countries.

The latest survey also shows that applicants now tend to look on overseas work as a career in itself, whereas previously they largely regarded a job abroad as a short-term measure to broaden their experience before returning

LEGAL CHALLENGE OVER DOMICILE OF WEALTHY FINANCIER

Clore tax burden hinges on court ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MAJOR ADVANCES will be made in the next few months in the complex litigation that has bedevilled the estate of the late Sir Charles Clore, the wealthy UK entrepreneur, since his death in 1979.

The High Court in London and the Royal Court in Jersey will each be asked to decide whether Sir Charles died domiciled in England or Monaco.

Resolution of this point will determine how much tax the Inland Revenue will be able to claim from the estate. If Sir Charles was domiciled in the UK the whole of his worldwide estate – at present estimated at £100m – would be subject to, and largely swallowed up by, UK tax.

A foreign domicile ruling would mean that only the English assets were taxable. The Jersey hearing is expected in May; that in the High Court later in the year.

Sir Charles was chairman of British Shoe Corporation and a director of a number of leading British industrial and commercial companies.

Also in May the High Court will be asked to rule on the claim by the Official Solicitor, the court-appointed administrator of the Clore English estate, to the proceeds of sale of the Guy's Estate in Herefordshire, Sir Charles' largest English asset.

This estate was sold shortly after Sir Charles' death for £20.5m. The money was transferred to Jersey on the instructions of Stype Investments (Jersey), which had held the estate for Sir Charles. With interest, the sale proceeds are now worth about £35m.

A fourth action, also being initiated by the Official Solicitor, will be tried in April. That is a dispute over the Official Solicitor's claim that he is entitled to a minimum of £2m interest on the £4m proceeds of sale of the Stype Estate in Wiltshire. That estate was sold in 1979 and Stype Investments (Jersey) has already been ordered by the court to hand over the £4m and £372,000 interest to the Official Solicitor.

Preceding all those hearings will be a claim by the Official Solicitor for a declaration that he is entitled to a large number of documents held by London solicitors Titmuss, Sainer & Webb, who acted for Sir Charles for 40 years. The Official Solicitor contends that he needs the documents for his actions in England and Jersey.

Some papers relate to Clore foreign assets, some to litigation by Sir Charles' executors in Jersey, and others to advice given to the executors concerning the Guy's Estate.

This year's round of litigation will not finally resolve the estate's problems. Each case is likely to go on to the appeal courts and, as regards the domicile issue, could create a further legal and constitutional problem.

The final forum for the English domicile case will be the House of Lords; that for the Jersey case will be the Privy Council. The Law Lords sit in both forums and could reach conflicting decisions as a result of the issue being governed by the jurisdiction of both the English and Jersey courts.

GEC wins £1m order for Prestel computers

BY JASON CRISP

PRESTEL, British Telecom's loss-making public viewdata service, has ordered new computers from GEC to replace the existing machines which were installed in 1978.

The order, thought to be worth about £1m, is an indication that British Telecom (BT) intends to persevere with the service. BT has invested about £50m in Prestel and it is required to break even in the next financial year, beginning in April.

GEC Computers won the order in competition with Sperry, the U.S. computer group. IBM was also a competitor, but was not involved in the final tenders. GEC, which provided the computers at present used by the Prestel service, has now sold nearly £20m of viewdata equipment worldwide, including orders of £10m last year from Austria and Malaysia.

The new computers are claimed to be more economic and offer more efficient billing systems. In addition, more people can use the computers at one time and they can be linked to more private viewdata services. Users will be offered a number of new facilities, including keyword searching

There are now 37,000 Prestel terminals – compared with 23,000 a year ago – of which 11,000 are residential. The number of home users has increased sharply in the last year. Chief reason for this has been the launch of Micronet 800, for personal computer owners, and Homelink, started by the Nottingham Building Society for its customers.

BP pays £700,000 for oil chief's holiday isle

BY DOMINIC LAWSON

MR ALGY CLUFF, the millionaire founder chairman of Cluff Oil, has sold Furzey Island in Poole Harbour, Dorset, to British Petroleum (BP) for about £700,000.

BP's interest in the 31-acre island is not for its natural beauty or its thriving colony of red squirrels. The island lies above the geological structure containing the Wytch Farm oilfield, the UK's biggest onshore discovery.

When British Gas Corporation finally hands over its £160m half share in the field to the Dorset Group, BP will become the field's operator.

The oil group is thought to be planning a system of deviated drilling from the island to discover the full extent of the Wytch Farm field.

Mr Cluff, who bought the island in 1980 for £500,000 as a holiday retreat, said he rarely found the time to visit it.

"I have retained the right to occupy a house on the island and I hope at some time in the future to buy the island back from BP."

A deal was instigated by BP who approached Mr Cluff in November last year. Mr Cluff conceded that the prospect of an oilwell being drilled outside his front door was not enticing, but he added: "The fact that I am retaining occupation rights shows that I am confident that there will be no great disruption."

Three other islands are close by. Two are too small for BP's requirements while the other, Brownsea, is owned by the National Trust.

Defects found in power station tanks

Financial Times Reporter

DEFECTS have been found in nearly 40 metal tanks ordered for the storage of dangerous chemicals and gases at power stations in southern England.

Some of the tanks are being returned by the Central Electricity Generating Board (CEGB) to contractors. Others have been accepted for use on a temporary basis until repairs can be carried out.

They are part of a consignment of 100 tanks delivered to English power stations and manufactured by the Suffolk firm of Cookson and Zinn. The rest have been found to be satisfactory.

Cookson and Zinn said yesterday it was investigating the defects. It had accepted responsibility for some repairs and was likely to do so for others when investigations were complete.

Disclosure of the defects has come after information obtained by the Friends of the Earth environmental group. It is intending to mount a challenge, at the public inquiry into the proposed Sizewell B nuclear reactor in Suffolk, over the CEGB's safety assurance procedures.

Iveco looks to 23% rise in UK sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH subsidiary of Iveco, Fiat's commercial vehicle offshoot, expects to boost its sales by more than 23 per cent this year to about 3,500 vehicles.

This follows a 23.5 per cent jump in Iveco's registrations last year to 2,289 from 2,802 in 1982.

Early in 1983 Iveco predicted its vehicle sales for the year would be 3,500. However, Mr Alan Fox, chief executive of Iveco (UK), said yesterday that the shortfall should not damage the group's financial expectations.

"Indications are that our financial operating profit for the year (1983) will be somewhat better than the £2m forecast early in October," he said. Iveco (UK) made an operating loss of £1m in 1982 and a loss of £6.5m the previous year.

Mr Fox forecast that the UK market for trucks of 3.5 tonnes gross and above would further improve in 1984 by about 10 per cent, from 50,000 to 55,000 units.

If that prediction is right, Iveco would push its market share, which was up from 4.7 to 5.2 per cent in 1983, to about 6 per cent this year.

Mr Fox, speaking during the run-up to the Geneva commercial vehicle show, said that Iveco's new company in Switzerland had achieved a 10 per cent market share in only 18 months trading.

● This year will be one of "consolidation" for BMW in the UK after four years of spectacular sales growth, BMW (GB's) new managing director, Mr Paul Layzell, has said.

Sales of the West German-built cars through its wholly owned UK subsidiary last year were 25,178 – an increase of 86 per cent on the 13,541 sold in 1980, the year in which BMW took over the UK operation from previous distributors Tozer, Kemsley and Millbourn.

Mr Layzell said the consolidation period could last for two to three years, in part because of supply constraints, but also to allow the UK distribution and dealer infrastructure to be strengthened in view of the higher sales volumes already achieved.

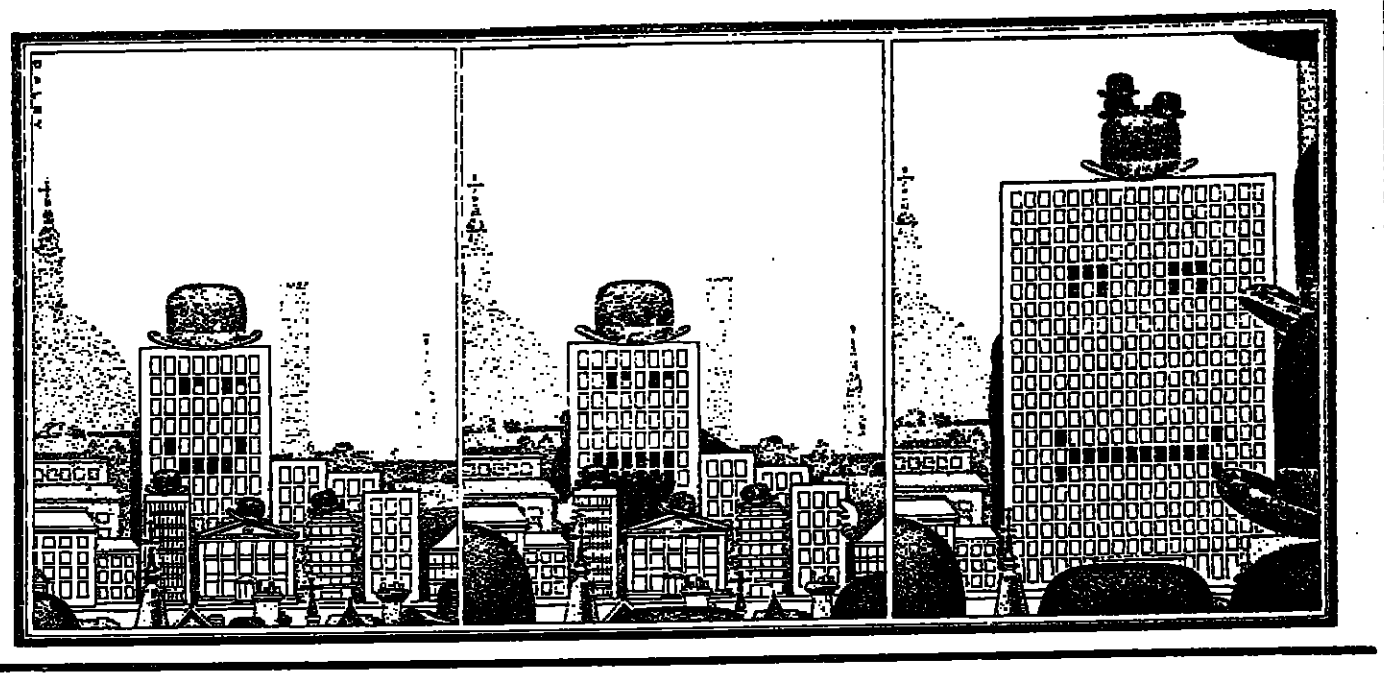
The sales forecast this year is 26,500 cars, although the UK new car market overall is expected to fall sharply from a record 1.79m units.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Pitfalls of converging financial services

BY PAUL ALLEN, JOEL BLEEKE AND ALAN MORGAN



THE recent spate of acquisitions and other deals among the City of London's financial institutions must have come as something of a relief to those who have been wondering whether a predicted breakdown of traditional boundaries in the financial services sector would become a reality. Certainly, the protracted battle for control of Eagle Star Insurance, the rash of takeovers of stock jobbers and purchase of strategic stakes in stockbroking firms suggests the prophecy is at last coming true.

Acquisitions, which can secure market position and experienced management, seem to hold the key in what clearly is the first stage in a fundamental restructuring of financial markets. Yet, while no participant, whether existing or potential, can afford to sit idly on the sidelines, the idea that acquisitions are the answer to everything may well be misguided.

Acquisitions are often the least manageable, the most culturally traumatic and can be the most expensive of several options for competing in the new industry environment.

The temptation to acquire other financial institutions is understandable. Prices being paid, for example, for brokers, are low in absolute terms relative to some of the acquirers' "war chests" (resources set aside for takeovers)—although little allowance may have been made for the management time needed to integrate the acquired company. Many companies believe the only way to compete is to be broadly based, serving all customers with all products, and that acquisition may be the appropriate way to achieve this objective. Equally, managements may fear that all the potential candidates may be picked off by the earliest acquirors, leaving nothing for the hesitant. And the Bank of England may be perceived as encouraging domestic institutions to forestall foreign domination of UK financial services by swift acquisition.

But whether a company decides to become involved in the first wave of acquisitions should depend on what competitive role it sees itself as playing in the changing industry structure that follows deregulation or increased competition.

In a regulated or cartelised industry, most firms compete over a fairly narrow range of prices and services. Prices are usually set fairly high and competitors try to differentiate themselves by higher levels and quality of service. Once competition increases, however, firms begin to compete across a broad range of price-service combinations, so that the fundamental economics of the industry change.

There are three basic roles for successful participants: (1) broad-based competitors; (2) low-cost producers; and (3) speciality firms. Each role requires different competitive and organisational strengths, and acquiring an existing competitor may be more appropriate for some than for others.

Broad - based competitors. McKinsey work on de-regulation in five industries in the U.S. shows that there has been room for very few broad-based competitors when markets converge. What happened in the U.S. after price deregulation in the brokerage industry in May 1975 differs in several respects from what is happening in the UK (the movement from single to dual capacity is uncertain in the UK, and the geographical spread of firms is obviously narrower). Nonetheless, the concentration of markets and competitors that occurred in the U.S. can be expected to be repeated in the UK: from 1973-1978 the top 25 U.S. brokerage firms increased their market share from 48 to 71 per cent of total industry revenue; and subsequently the top 10 firms rapidly gained market share at the expense of the other 15.

Successful broad-based brokerage competitors in the UK will be those which:

● Build marketing capabilities. The primary goal of a broad-based firm must be to refocus its attention on the market place to build a national franchise through effective sales force management, product innovation, development of brand franchises and image advertising. Competitors in regulated or cartelised markets seldom have the relevant skills.

● Develop state-of-the-art information systems. Without well-developed information on product and customer costs, firms will be unable to bring their product/service prices into line with costs or to begin charging realistic fees for services that used to be provided at no additional charge.

● Obtain operations and sales economies of scale. To ensure that price discounters do not capture excessive share, higher marketing costs must be offset by efficient back office operations.

Low-cost producers. Most of these will be newcomers since the structural costs that tend to build up in any company cannot be eliminated overnight. These producers will be characterised by:

● Narrow, simple product lines, requiring minimal service, targeted at a price-sensitive, commodity segment of the market. Low-cost entrants can come in at substantially reduced prices, sometimes 40 or 50 per cent lower than the prevailing levels, because they do not have to worry about cannibalising the profitability of existing customers.

● Modification of the distribution system. As an example, money market funds in the U.S. have dispensed with the costly branch network of U.S. banks by delivering their products by mail and telephone.

● Line (rather than staff) emphasis, with low personnel costs. A preoccupation with cost control will prevent the growth of large planning or marketing departments, keep internal systems (except for cost monitoring) to a minimum and ensure that organisational structures are simple.

Speciality firms. When an industry is restructured many broad-based companies are forced to retrench to their more attractive and less cost-sensitive product and customer market segments. Successful speciality firms will be characterised by:

● Skilful segmentation. Marketeers in speciality firms must segment the market cleverly and develop the right products for each segment. Information advertising, as opposed to image or price advertising, is then critical to communicate the firm's new market positioning to existing and potential customers.

● Concentration on non-commission-based services. Following the deregulation of brokerage in the U.S., the percentage of total brokerage firm income deriving from commissions dropped sharply.

As financial markets converge and the structure changes, however, skills that were crucial in the old order become largely irrelevant. Suddenly, superior marketing and operational skills are the keys to survival and success. The skills of long-term employees become outdated and new talent has to be brought in or trained. Organisational structure and systems also have to be changed.

Once a suitable role has been chosen for the new environment, it is still important to decide whether acquisition is the right means for adopting that role.

Understanding changing industry dynamics becomes crucial to evaluating an acquisition strategy as well as assessing candidates. Structural changes can radically alter the economic profile of an industry, making a candidate less attractive than it looks at first sight. The premiums being paid for stockbrokers, for example, appear to reflect the cyclical peak of earnings in 1982 deriving from existing industry economics, as shown in the table.

ACQUISITION		APPROXIMATE PREMIUM*				
Acquirer	Target % stake purchased	Approximate price £ millions	Price/ book	Price/earnings 1982	Price/earnings Average 1979-82	Price/earnings Average 1979-81
Security Pacific	Hoare Govett 29.9%	£8	2.5	10.5	21.0	32.5
Citicorp	Vickers da Costa 29.9 U.K. 80.0 overseas	20	3.5	9.0	15.5**	n/a
Mercury Securities	Akroyd & Smithers 29.9	41	1.7	10.8	17.0	21.0
BAT	Eagle Star 100.0	970	0.9	28.0	26.5	26.0
N.M. Rothschild	Smith Brothers 29.9	6.5	1.4	5.0	11.0	18.0
Charter Consd.	Rowe & Pitman 29.9	16				

* Based on nominal earnings
** 1980-83 as reported by Financial Times and The Guardian Nov 1983

During restructuring, however:

● Excess capacity is introduced as new firms enter the industry and established firms expand into new markets.

● Price competition in the formerly most attractive segments becomes severe. In U.S. brokerage, commission rates for the previously most profitable institutional customers fell on average by 30 per cent in the year after price deregulation, while commission rates for consumers fell by an average of only 4 per cent. By 1981 rates had fallen by 67 per cent and 33 per cent respectively.

● The range of profitability among firms broadens dramatically largely because weak performers become weaker rather than because successful firms earn greater returns.

● Infusions of capital and management time are needed to transform skills, distribution methods and marketing approach of acquired companies to match the market's needs. Such resources may, however, be unavailable, given the need for resources for similar restructuring in the acquirors' core businesses.

Acquisition is not the only way to enter the market as a low-cost producer. Alternatives are:

● Strip the existing expertise and systems out of acquired companies and discard obsolete business elements;

● Buy individuals from existing competitors and build the distribution system from scratch;

● Grow organically from internal departments, such as insurance broking subsidiaries, or channel new services through its existing distribution outlets.

Only a financially well-structured acquisition should, of course, be considered. Managers in acquisition candidates often have shareholdings disproportionate to the cash flows they generate and this, combined with high premiums, makes the financial structuring of acquisitions critical. Managers have to be contractually locked in to ensure that the element in the premium attributable to their expertise is earned through the future cash flows they produce. Negotiating for such controls is, of course, most difficult during the first phase of acquisitions when managers have just experienced peak earnings and the market is a "sellers' market."

There may be more than one opportunity to make acquisitions. Experience in the U.S. brokerage industry suggests three phases of acquisition: (1) acquisitions to accomplish initial industry restructuring and concentration; (2) acquisitions to add selected market segment expertise and customer franchises; and (3) acquisitions, once the dust of restructuring has settled, of successful broad-based, low-cost and speciality firms.

For institutions watching from outside the market the third phase may be the best time to buy. By that time most shareholders have become more realistic.

The authors are associates with McKinsey and Co, Inc, international management consultants.

Management abstracts

Employee performance and participation in budget-setting. J. F. Gaertner and K. Milani in Cost and Management (Canada), July/Aug 83

Considers part research into the relationship between employee participation in budgets, role perception and performance; reports on a recent study in a heavy equipment plant which reveals evidence that participation by foremen in budget-setting did improve their role perception, and some evidence—less strong—that performance also improved.

The re-emergence of industry pay differentials. G. S. Crystal in Compensation Review (U.S.), No 3/83

Points out that the recession has led to a growth in salary differentials between successful and failing industries (as well as differentials between companies in the same industry); suggests that conglomerates with a mixed portfolio of companies will allow market forces to determine salary levels, and forget traditional considerations of internal equity.

Increasing shareholder value. D. R. Kullberg in Directors & Boards (U.S.), Summer 1983

Contends that more profitable use can be made of traditional accounting information, particularly for financial planning, and examines the elements involved in allocating resources to business strategies. Describes a mathematical approach — to determining capital productivity and assessing value creation, and presents a two-dimensional comparison of values in the divisions of a multiple-business company.

Extending product lifetime. M. F. Box in European Journal of Marketing (UK), Vol 17 No 4

Points to the major savings in raw materials and energy which could be achieved if the life of consumer durables could be extended; quotes a Dutch study to show that these products tend to be discarded before the end of their technical life and that their time in use could be stretched.

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THE ARTS

Television/Christopher Dunkley

A magnificent start to the year

Although we have not yet completed three weeks of it, 1984 is already proving to be a better year for television than 1983. Indeed, if things go on as they have started this will prove to be one of the best television years for a couple of decades. Sustaining the standard will not be easy because television companies understandably enough like to put their best goods at the front of the window, and the first fortnight of a new year consequently contains a disproportionately large amount of impressive material.

Even taking that into account, however, we already have enough evidence to declare this a season of abnormally high quality. Moreover, judging from previews of other major programmes which are shortly to burst upon us, it looks as though the standard is going to get even higher—at least for the next 13 weeks or so. The main reason for saying this is that to date most of the good material has been drama but among the programmes about to start are *The Living Planet* and *The Heart of the Dragon*, two immense documentary series which will add variety to the quality. We shall come back to these in a moment.

James Fox as George Orwell in "The Road to 1984"

The season began, you may remember, with *The Far Pavilions* on Channel 4, a six-hour blockbuster about adventure in the days of Empire which, although it boasted more width than depth, brought to television that intensity of colour, narrative and spectacle which had begun to seem the exclusive property of cinema. It provided an ideal distraction from the post-Christmas, new year, 1984 gloom.

Any feeling that it nevertheless reinforced old fears about commercial television's using ITV and C4 for a two-pronged attack on the ratings while ignoring higher ideals was promptly banished by the appearance of *The Jewel In The Crown* on ITV. With superb performances from virtual unknowns in several leading parts, supported by some of Britain's extraordinary depth of acting talent in the lesser rôles, and a bleakly honest—i.e. nasty—portrayal of the policeman/intelligence officer by Tim Piggott-Smith which ought to win awards for courage, this series is offering all the finer constituents of drama that one could wish: subtlety of characterisation, historical relevance, the impact of fate on character, of character on history, and so on.

My only reservation so far concerns the habitual use by director Jim O'Brien of flashback to *follow* events which have already been described, as with the attack on the schoolteacher. Perhaps it is felt that this contrived stylistic device conveys some idea of the complex weaving of Paul Scott's novels, but with adaptations the aim should always be to achieve good television, never good secondhand literature.

The BBC's drama offerings all came later. Each is of a type which is now very familiar to us and none looks likely to match ITV's in scope or impact — though they *do* outnumber ITV's. Monday brings *The Thorn Birds*: swap sheep for oil and religion for politics and you have *Dallas*. Tuesday brings *District Nurse*, a series which opened with an episode so like the opening of *The Citadel* last spring that one watched with incredulity as the medic with a social conscience tracked down the epidemic in the poor Welsh community to tainted water supplies hindered all the while by a pre-NHS doctor in the pay of the coal barons.

Wednesday brings *Strangers and Brothers*, Julian Bond's dramatisation of C. P. Snow's cycle of novels. There was nothing particularly outstanding about Episode 1 — the usual steam trains, cloche hats, Fair Isle pullovers, old motor cars and period locations which directors of Hovis commercials and BBC drama can now prepare in their sleep presumably — but the acting, especially from Shaughan Seymour (another newcomer, to me, anyway) looked very promising. Middlebrow, middle aged, and middle of the road it may be but *Strangers and Brothers* will doubtless sustain that strong strand of BBC drama running from *The Forsyte Saga* to *The Barchester Chronicles*.

Thursday brings *Diana*, another of R. F. Delderfield's entertaining sets of variations on the English class structure, with all the stereotypes nicely bulked out: poor but honest bright boy (in a Fair Isle pullover, naturally), horsy young girl of the manor, her snotty mother with money but no family name, the eccentric bookshop owner who urges on the bright boy etc. "The Skin Game" writ long, it is all beautifully produced (cloche hats, period motor cars) and awfully like the BBC's last 100 episodes of the same sort of thing.

Friday brings *A Family Man* and a revolution: Fair Isle pullovers and a *period motorcycle!* To be fair, this three-part serial looks like the most interesting of the lot, perhaps because Ted Walker wrote it specifically for television. At least he gives us some contemporary life in addition to the cloche hat flashbacks.

The next of the new year's major strands has been Orwelliana, and the general quality has been high. *Arena's* five-part documentary was a model of its sort, and tomorrow night's Channel 4 drama by Willis Hall, *The Road To 1984*, is a superb piece of work. If you had to choose just one Orwell programme for a time capsule this would surely be it. Not only does James Fox seem absolutely right as the complex, idealistic, paternalistic, anxious intellectual, but Hall and his director, David Wheatley, have managed the difficult trick of depicting not just the writer but the writing.

Sheila Ruskin and Shaughan Seymour in "Strangers and Brothers"

One might have expected the most dreadful jolts in moving from biography into dramatisations of *1984* and even *Animal Farm* (with a cast of real pigs and horses) and back again yet there are none. It helps to have Fox playing Winston Smith in *1984*, but mostly *it* works because this production makes it natural for the narrative to flow outwards from Orwell and that must of course mean his fiction as well as his journalism. The drama scores over any documentary by being able to display the passion of the protagonist.

Finally there are those forthcoming documentary programmes. Tomorrow sees the start of *The Living Planet*, David Attenborough's new 12-part BBC1 series which splits the natural world not into families or species but into habitats: deserts, ice fields, tundra and so on. If the opening episode is a fair guide then it will be an even more outstanding achievement than *Life On Earth*. Anyway, whatever the rest may be like, tomorrow's programme, "The Building of the Earth," is one of the best television programmes I have ever seen.

It is a triumph of scrupulous preparation. Starting from the floor of the deepest gorge in the world, Attenborough climbs under the eye of the camera past the tree line to the snow line and picks up a fossilised sea shell. Darwin-like he asks how that could possibly get there, and cues himself into a beautifully planned sequence which moves from the top of the Himilayas to the bottom of the ocean and back again explaining with a clarity achieved by pitifully few communicators how geology and plate tectonics (though he never resorts to such opaque phraseology of course) has formed our world.

The awesome shot of a fountaining volcano pumping red hot lava into the air and then the casual figure of Attenborough appearing camera right, an upturned collar his only concession to the inferno at his elbow, is worthy to stand alongside the famous sequences in the bat cave and under the gorilla in terms of sheer chutzpah.

We must wait rather longer for the beginning of *The Heart Of The Dragon*, the £4m series about China made in 12 parts by Peter Montagnon, the man responsible for *Civilisation*. Part 1, providing a gliding eagle's eye view of Chinese history, civilisation, arts, beliefs and recent upheavals, will be shown by Channel 4 on January 30. It, too, is a glorious victory of editing skills over what seems to have been an impossibly large amount of material. Again, no matter what the other 11 may be like the opening programme is of abnormally high quality and a compelling piece of work on its own.

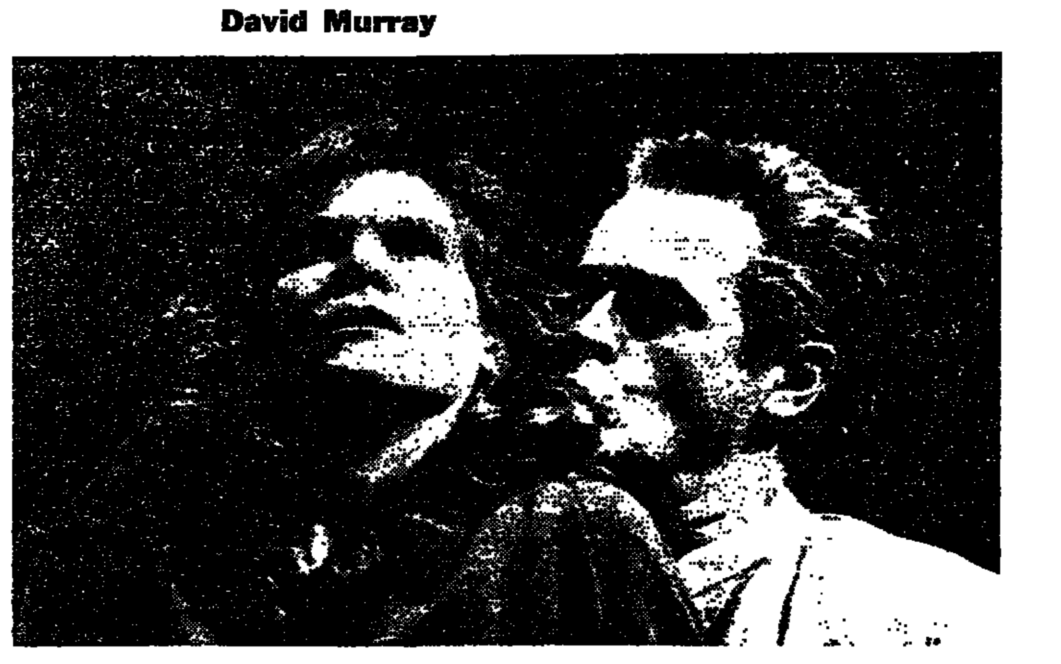
Perhaps this is the last great flowering of broadcast television before cable and satellite carpet our screens and our minds with wall-to-wall *Thorn Birds*. Who knows. The important thing is that we seem to be at the start of one of the greatest of television seasons for a quarter of a century.

Wozzeck/Covent Garden

David Murray

Thriftily, the Royal Opera has brought in Willy Decker to make virtually a new production of Berg's *Wozzeck* in the 32-year-old sets of Caspar Neher (with some fresh costumes by Marion Gerretz). Otherwise there has been no skimping: the opera is extremely strongly cast, and Christoph von Dohnányi's conducting — the chief glory of the performance —must have benefited by long and scrupulous rehearsal. The three short acts are played without any interval, which in itself makes no special difference but evades the Royal Opera penchant for protracted breaks.

The action is more sharply detailed than before. The opera is sung this time in German; its brief, trenchant scenes are mostly self-explanatory, but determination to make everything clear may explain Decker's visual additions — notably a manic little entourage of medical students for the obsessed Doctor. There, the Expressionist titivation seems in the right spirit; later some self-conscious touches—in the manipulation of the crowd in the *Biergarten* and in the tavern, when Wozzeck's telltale bloodstains are detected—are slightly distracting, at odds with the earthy naturalism of Büchner's astonishing text.



Anja Silja and José van Dam

No other reservations; Decker's realisation is admirably pointed. As protagonist we have José Van Dam (very welcome back after too long an absence), a fine Wozzeck who embodies sad dignity, decency and desperation in just measure. The singing is solidly distinguished, needing only a further note of animal pain. As before, Anja Silja is a striking Marie: she looks magnificent, doesn't overplay, makes amends for some wild top notes by dramatic intensity and truth. There is a preening brute of a Drum Major by James King, and as the Doctor Donald McIntyre maintains a fanatic gleam.

Hermann Winkler's Captain, a gross snail, made more of his appearance than of his exacerbated vocal line, which was neither bright nor effete enough on Monday (a passing cold, perhaps). Sounder singing came from Kim Begley's plain, staunch André and Phyllis Cannan's Margret, a ripe slut. Eric Garrett and Robert Dean were a vivid pair of drunken Apprentices. None of the smaller roles is scamped, no moment wasted.

Dohnányi is a thorough master of the score. Not only does it sound beautiful (some sardonic staccatos are softened, which is perhaps over-nice), but innumerable details are rendered more cogent and telling than I have ever heard in the opera house. All praise to the orchestral players, who have found a new standard of lyrical conviction with this music. *Leitmotive* sing out from neglected crannies of the intricate writing; even the Doctor's Passacaglia—nearly always left diffuse—is lucidly shaped. It is a pity that the shattering crescendi of the "Variation on a Note" have to compete with the scene-shifters, furiously transforming a deserted lakeside into a busy inn in the required half-minute or so.

Book Review/George Watson

Pots, paints and chairs

The Omega Workshop
by Judith Collins. Secker & Warburg. £15.95, 310 pages

The Omega, or last word, was founded by Roger Fry in 1913 to raise the prestige of the applied arts in Britain. Human character had changed exactly three years before, according to Virginia Woolf, or in 1910; and her sister Vanessa Bell, along with her lover Duncan Grant, gave Fry a helping hand to make sure that the change reached the visual arts.

The workshop in Fitzroy Square makes a tidy little story, leading down to its death through debts in 1919; and in a handsome, well documented book with nearly a hundred illustrations, Judith Collins of the Open University tells it all and in due order. She stops when her story does, drawing no moral. And though Omega may be no more than an episode in art history, and a minor one, it remains a shapely episode, starting in enthusiasm, struggling heroically through a world war, and ending with a sense of something done and a happiness shared.

Quentin Bell, who knew the place as a boy—in fact he was once sick in it—remarks in a lively foreword that Fry wanted somewhere for struggling young artists to make themselves 10 shillings a week, so that chairs could be better to paint than canvases. Fry was a professional shocker. Having started out Victorianly enough with a study of Bellini in 1899, he suddenly turned maverick, attacked the administration of the Chantrey Bequest as far as the Lords, damned the Royal Academy for existing at all, and called for a socialism of the arts based on the communal model of the early Italian frescoes, stockpiling Omega designs for common use, whether on wood, fabric or canvas. He even invented the term "post-impressionist" for his 1910 exhibition at the Grafton Gallery—perhaps the first of such coinages, post-modernists like ourselves may nervously note, to have caught on.

The illustrations, good and abundant as they are, only occasionally justify the claims that Omega made for itself as the leader of a new guard, though nobody can cavil at Fry's energy or his help for aspiring artists and Belgian refugees. The trouble is that perfect form is not the way the arts have since moved. Painting has returned to the figural, and no longer finds representation "mere". Nor does anyone nowadays want to sit in cafes or waiting-rooms that remind us of the shallow progressivism of King's Cambridge in the early Georgian era.

No matter: the Gaudier earthenware and marquetry here still look covetable: an artist who somehow makes you want to walk away with anything he handles, even the weightiest bronze or stone, and cuddle it. There is nothing mere about a Gaudier cat or a Gaudier deer. And though the painted chairs and pots that Virginia Woolf thought witty now look grandmotherly and unprovoking, and though Duncan Grant's canvases seem sadly muddy and vacuous, Vanessa Bell can sometimes lay out her paints with a daring sense of the interior spaces that lie between plain objects of domestic use.

This is a story with a beginning, a middle and an end, and all in less than ten years. Like other modernisms of the early century, Omega now looks like an artistic digression, and nobody nowadays paints or decorates like this, just as no one is writing novels like *Finnegans Wake*. On the other hand, one is left wondering how different the world of the arts would now look if that self-assertive digression had never happened at all.

*

Omega Workshops Exhibitions: The Craft Council Gallery, Jan 18-March 18; Anthony d'Offay, Jan 17-March 6.

Ligeti/Barbican Hall

Dominic Gill

The electric transformer buzz returned to the Barbican with a vengeance on Monday night, and was by far the loudest sound in the hall (if, sentimentally somehow, not entirely alien to the music) during the first two minutes of György Ligeti's *Apparitions* for orchestra. This curious evening, which had plenty of charm but otherwise no evident raison d'être, offered two performances each of three very early works by Ligeti (the first three, indeed, which he wrote after leaving Hungary in 1956) played by the Philharmonia to a tiny audience, and intelligently, though not especially illuminatingly, introduced and conducted, with plentiful music examples and rather too much talk, by the Philharmonia's new composer in residence Oliver Knussen.

Another piece was *Fragmen*—which was probably amusing enough at Dr Alfred Schlee's 60th-birthday-party concert, for which it was written: but is pretty thin stuff to give once, let alone twice, at a public concert. The third was *Atmosphères*, Ligeti's first real masterwork, dating from 1961, which it was good to hear again, especially played with such delicacy and presence. It was interesting to be reminded, in particular, how much more telling a score it is than *Apparitions*, whose chief value is surely by now historical and circumstantial rather than musical.

La Vie en Rose

Antony Thorncroft

There is currently another campaign to clean up Soho and the soap suds have found their way into Mr Paul Raymond's La Vie en Rose, once the Windmill and more recently a cabaret club quite suitable for more broad minded aunts.

The latest show there, Paris after Dark, brings back to the West End the kind of act that used to haunt (way down on the bill) variety theatres in the pre-war years and our television screens immediately post-war. So if you yearn for a juggler of balls and a spinner of plates, for a man who decimates newspaper with a whip or who pretends to be two midgets having a scrap here, is the place for you. There is a couple of exotic dancers but their gymnastics look wholesome compared with family entertainers like Hot Gossip.

There is nothing at all Parisienne about the show, but there is a happy exuberance about the young dancers who fill in between the acts and the food is better and the service jollier than it need be. Paul Raymond usually knows how the British public likes to loosen its hair and there is something rivetting in watching specialists in the banal. So forward the cycling dogs and the musical saw men—your public awaits.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 13-19

Theatre

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (rhyming with "fondle") in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (928 7616).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

Candida (Goodman Mainstage): Munson Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

As You Like It (Arena): The Napoleonic era with its bows to Romanticism are the setting of Douglas C. Wager's production with Frances Conroy as Rosalind and Tom Hewitt as Orlando. Ends Jan 1. (488 3300)

Agnes of God (Eisenhower): Hysterical pregnancy of a contemporary novitiate makes for emotional heat but little light in John Pielmeier's melodramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3670). Ends Jan 7

Woman of the Year (Opera House): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3770)

Cats/Tokyo

By Marie Myerscough

Billed prophetically for an "endless long run", Tokyo's *Cats* opened in November in a specially built tent theatre in Shinjuku (a more sprawling and colourful version of London's West End). Tickets are sold out until March. Performed by Shiki, one of the big three commercial theatre companies under director Keite Asari, *Cats* is Tokyo's most costly and longest-running production.

Japan's advanced technology is seen even in the tents. This solidly built and sophisticated theatre was completed in only a week. Outside, a black polyester cover is decorated with cats' eyes and logos, while inside the foyer boasts a restaurant, bars and all usual facilities. The auditorium, complete with royal box, has seating for 1,620. The midnight blue roof overhead with stars, moon, cats' eyes, strings of brightly-coloured light bulbs, turns the whole area into a cats' playground – shocking Japanese audiences unused to such unconventional use of theatre space.

Tokyo's *Cats* are typical Japanese – uniform and cleancut. Mostly costumed as ginger cats, wearing neck mikes, blending in with the set, they look and sound alike, all individuality subdued. Rum Tum Tugger (Yuichiro Yamaguchi) usually played as an obnoxious pop singer, is in white lurex jumpsuit and decidedly innocuous, the ruffian Growltiger, ends up unexpectedly gentrified.

Nevertheless, the production probably has the best dancing by Japanese ever seen in Tokyo. Aiming for one of the few remaining awards *Cats* has not won, half of the dancing is original choreography by Taku Yamada. The routines show ensemble work of imagination and precision, a good example of Japan's unified approach to things.

Electronic gadgetry is used to full effect for the music – pre-recorded but with a deceptively live sound. The lighting, too, is of the usual high technical standard.

Japanese perfectionism is indulged in the set and props; there are 4,000 items of giant-sized junk (three months in the making by Shiki art department, and worthy of an exhibition in their own right) complete with brand names, labels, giving many Japanese manufacturers, soft drinks makers, etc. free publicity. The boots even have laces.

For spectacular effects, Tokyo's *Cats* uses many of the stunts and tricks of Kabuki. Lifts, trapdoors, trapeze wires, revolving panels are all used to show the animals' rampant nature to advantage. Mistoffelees slips down from the roof, Macavity swings over our heads, Growltiger's barge in one movement descends and opens out, while before his demise he performs another Kabuki trick, the quick costume change. Make-up, pose, delivery of lines are often recognisably Kabuki, too.

However, Tokyo's *Cats* never really works. There is too much ensemble playing; it is too stylised, mechanised (technical staff outnumber the cast), too intense. The fundamental characterisation is missing. Apart from a few, Gus the theatre cat, Old Deuteronomy, Skimbleshanks, the rest are characterless. Rum Tum Tugger is just pretty, while Grizabella (Akiko Kune), the old glamour cat, portrays none of her seedy past and pathetic quality. But then, the pathos which gives the London and Broadway productions their different levels of emotion, and ultimately their appeal, is generally missing. So, too, is the essential vitality. Most significantly Tokyo's *Cats* are just not catlike. (Poses with claw-like hands in fronts of faces are hardly realistic.)

Of all the shows suited to the special animality and energy which make the Japanese fringe theatre so exciting, *Cats* seemed ideal. Yet, as usually happens with a Western production, Shiki concentrated so much on the externals that they missed the fundamental point. There are many excellent portrayals of animals in Kabuki (the fox, for instance) or in the fringe. Or they could have studied the real species.

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Calmer wind from China

THE past few weeks have seen a concerted campaign by the Chinese Government to present a new conciliatory and constructive image to the outside world.

The country is trying to project the message that, after three decades of internecine struggle its government has at last found the secret to adjusting Communist ideology to changed circumstances.

Monday's detailed assurances by Ji Pengfei, Peking's State Councillor with special responsibility for Hong Kong, that the colony would be allowed to remain largely unchanged after 1997—the year in which Britain will almost certainly cede sovereignty to Peking—is only the latest cameo in this seductive scenario.

Last week Zhao Ziyang, China's urbane Prime Minister, capped a successful visit to the United States with a series of agreements which presage increased trade between Peking and Washington and a more *realistic understanding of what* can and cannot be achieved in this relationship.

Korean dialogue

The two sides appear to have agreed (largely, one suspects at China's insistence) that although what former President Richard Nixon called a "strategic relationship" is an unrealistic hope, the areas of potential agrement and mutual *benefit are extensive but relate* mainly to economic development.

This more limited approach seems sensible since both the U.S. and China have an interest in also improving relations with the Soviet Union, rather than ganging up against it.

During his visit Zhao also backed the idea of a dialogue between North and South Korea. The recent bombing in Rangoon, when a North Korean bomb killed more than a dozen of President Chun Doo Hwan's senior officials, underlined the need for a political solution to what remains an area of potential superpower conflict.

China is, as yet, only willing to back a dialogue on North Korea's terms but it is, nevertheless, a small step in the right direction.

Zhao and other senior Chinese officials have also been to great pains recently to emphasise that China's "open door" policy is here to stay and that the country's drive to modernise its economy will be done with the help of foreign technology and know-how.

This more pragmatic approach has been accompanied by signs *that the fundamental changes in* economic policy initiated in 1978 by Deng Xiaoping, the Chinese leader, are generating demand-led as opposed to merely investment-led growth in China for the first time since Liberation.

Encouraging as all this may be it should not obscure the fact that there remains real constraints to the new approach.

The most important of these is the continuing rivalry between China's three great bureaucracies—the army, the government and the party. As things stand it appears that Deng has been largely successful in cutting down to size the army and those within it who opposed his pragmatic policies. He has also managed to purge the higher echelons of the party of those like Hua Guofeng, the former party chairman and Mao Tse-tung's designated successor, *who obstructed the dismantling* of cherished institutions.

The tensions between these factions remain. The bureaucratic foot-dragging which foreigners frequently encounter in China is only partly due to inefficiency. It is also symptomatic of entrenched opposition to the new policies by officials who have been stripped of much of their former power since 1978. It cannot, therefore, be ruled out that they will not make an effort to reverse the tide and recapture that power sometime in the future. After all, that is how Deng and his acolytes got to where they are today.

Privatising a monopoly

IT IS NOT every day that a leading industrialist and normally staunch supporter of Conservative policies criticises a major piece of government legislation with the force with which Lord Weinstock attacked the Telecommunications Bill in the House of Lords on Monday.

He could almost certainly have communicated his views to Ministers privately and may already have done so. But he appears to have concluded that quiet persuasion in the corridors of Whitehall stands little chance of budging the Government's determination to rush the Bill through in its present form.

His objections to the Government's plans to privatise British Telecom are not, of course, entirely disinterested. As one of Britain's leading telecommunications manufacturers, the General Electric Company has long enjoyed a close and profitable commercial relationship with BT and the Post Office before it. BT's rapidly changing role makes the future of that relationship look much less secure.

But we also believe that Lord Weinstock has raised a number of important issues which deserve wider discussion. These do not bear on the rights or wrongs of the principle of privatising BT, so much as on the form which privatisation takes and on the objectives which it is intended to achieve

Slow start

The Government has presented privatisation as a natural extension of the liberalisation of the British telecommunications industry which began in late 1981. It argues that by making BT accountable to private investors rather than to Whitehall it will enhance the role of market forces.

But the competition which liberalisation was supposed to encourage is still at a very early stage of development. The disappointingly slow start made by Mercury Communications attests to the difficulty of challenging BT's supremacy in its core business of network transmission. In terminal equipment, BT's marketing muscle is unmatched: most of the competition between manufacturers so far has been for orders from BT itself, not from its customers. It thus continues to determine to a large extent which new products reach the market, and on what terms.

It remains to be seen how effective the regulatory mechanisms planned by the Government will be in altering this state of affairs. Much will depend on the detailed provisions of BT's licence and the level of the ceiling on its future tariff rises. The eventual decisions will have to balance the curbing of BT's monopoly power against the requirements of investors, whose enthusiastic support will be needed to make the flotation a success.

There is a strong argument for tougher measures to prevent BT from cross-subsidising equipment sales out of profits on its network operations. The Bill relies largely on the tariff formula and the requirement that BT publish separate accounts for its different businesses.

But that overlooks that fact that BT channels most of its terminal equipment sales through its regional offices, which were originally established to deal with routine customer service, maintenance and administration. The additional cost to BT is small, and far lower than would be incurred in setting up a competing sales force from scratch.

Freeing the regional offices to deal directly with suppliers could help loosen BT's monolithic grip on the market. A far better solution would be to force it to float off its terminal equipment and "value added" businesses, leaving it to concentrate on running the basic network which generates most of its revenues and profits.

Resources strained

The Government, however, has rejected that option. One of its main arguments is that it wants BT to become the "flagship" of Britain's information technology industries. To break BT up would, it is claimed, rob it of the size and resources needed to lead an effective attack on overseas markets.

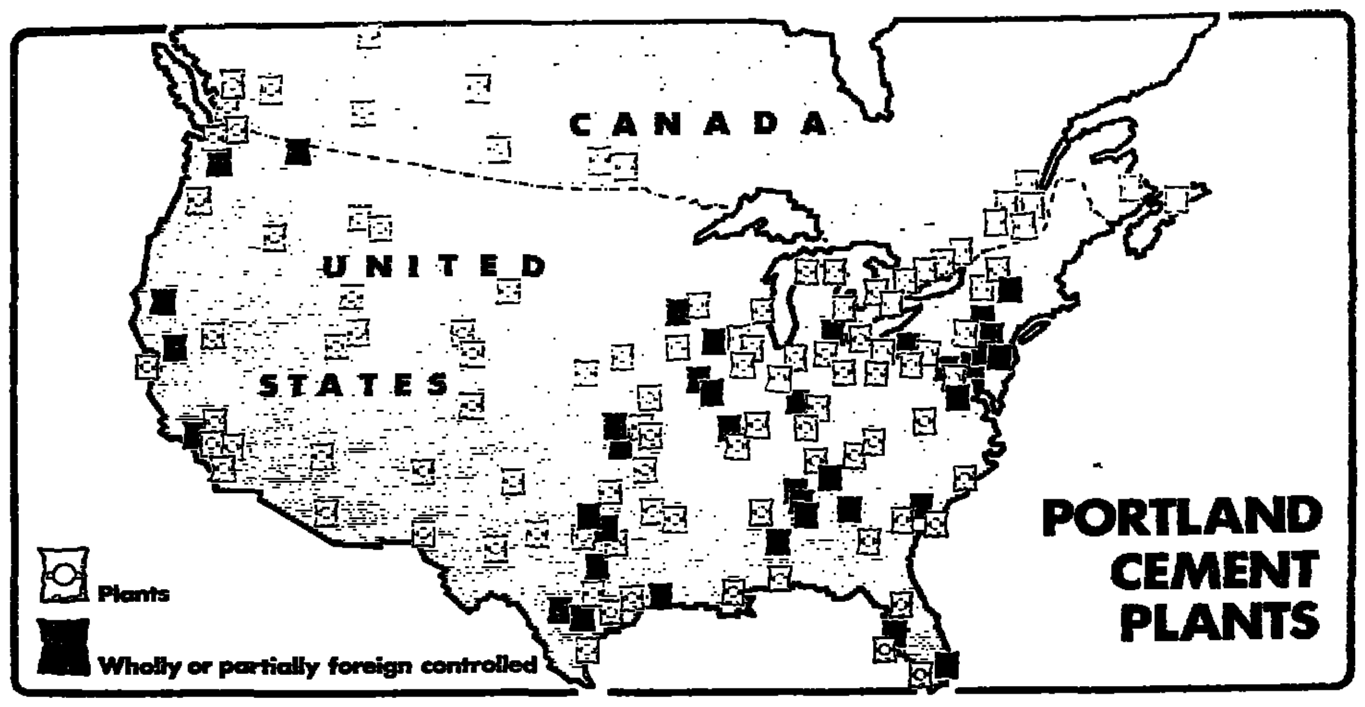
But Ministers have produced little concrete evidence so far to back this assertion. In spite of BT's recent moves to improve its efficiency, it is questionable how successfully an organisation deeply imbued with monopoly tradition will compete internationally. Coping with its own internal reorganisation is already straining its management resources, and there is a danger that its domination of its home market could prove a road block rather than a springboard for smaller companies with export potential.

The Telecommunications Bill is one of the most important pieces of industrial legislation since the war, with major implications for the development of Britain's "sunrise" industries. But many of the complex issues which it raises have not been fully thought through by the Government. It is much more important to get the answers right than to be bound to a self-appointed timetable for privatisation.

U.S. CEMENT

The Europeans take aim

By Peter Bruce



AT THE beginning of this year Lone Star Industries, the largest cement producer in the U.S., set out to raise its prices.

It failed twice in 1983. Customers refused to pay the new prices and competitors were happy to oblige with an alternative supply. No one is monitoring Lone Star's experiment more closely than a group of Europe's major cement makers.

Why? Because over the past six years the European cement giants, comfortable in their closely controlled but saturated domestic markets and hungry to invest in stable markets out of the Third World, have bought up more than 20 per cent of U.S. cement-making capacity, raising the European stake in the U.S. industry close to 30 per cent.

At least three European producers, Lafarge Coppee of France, West Germany's Heidelberger Zement, and the Swiss holding company, Holderbank, now rank among the U.S. top 10.

In what Mr Jim Stewart, Lone Star's president calls a "virtual flood" of European entries, these three have been joined by Blue Circle and Rugby Portland from the UK, Italy's IFI and Cementaria Robilante two other French groups, Ciment Francais and Ciment Vicat, *a second Swiss producer,* Cementia and Sweden-Cementa. At least five Canadian producers, some with European parents, have also bought U.S. plant.

In a sense, the bigger European producers *have* to be in the U.S. Recession and mounting debt problems have hit profits in Africa and Latin America where many companies had set up plants over the past 20 years. "You're left really with only one large market with any growth potential" says Mr John Milne, Blue Circle's chairman.

This is why the Europeans and the remaining U.S. producers are now locked in a fierce battle to position themselves for the much heralded recovery in U.S. construction activity, which has still to reach anything like its full potential.

Central to the battle for a *larger share of the U.S. cement* market is the assumption that key parts of America's infrastructure are actually crumbling and a lot of cement will be needed to replace them.

The Administration proposed spending $12.8bn on maintaining Federal highways in the current financial year, a $4bn rise on fiscal 1983. The Department of Transportation has estimated that just to maintain non-*urban highways will cost more* than $500bn over the next 10 years. And then there are sewers, rail systems and waterways. Altogether, it is estimated that America's physical plant could cost up to $3 trillion to rehabilitate in the coming decade.

However seductive these projections may be, increased demand is no guarantee of increased profits. Return on *investment in cement* is notoriously low. The product is bulky, relatively cheap and, certainly in the U.S., unprofitable to transport more than 150 miles. Capital costs can take up to a third of manufacturing costs.

If the market does take off, as predicted, the European producers, *who have bought* into the industry at rock bottom prices, could cover their investments relatively quickly. They are already being closely watched by the U.S. manufacturers, a number of whom are suspicious that European cement-marketing techniques may be transplanted into the U.S.

"We may be paranoid, but we tend to think of them all as one company," says one U.S. executive. "They're obviously very cosy doing business with each other." There is no evidence whatever that the European companies are colluding, but it is true that the cement price-setting practised in the UK would be illegal in the U.S. and that a number of European producers either hold stakes in one another or collaborate in joint ventures offshore.

There are anyway signs that, for all the early promise that European producers would revolutionise U.S. cement-making, they have very rapidly slipped into the domestic routine.

"We thought the Europeans were going to come here and put up the big dollars but they haven't," says Robert Roy, chief economist at the U.S.'s Portland Cement Association. "Except *for Blue Circle they have not* bought state of hte art plant and the longer they're here the more they begin to look like U.S. cement companies—they don't innovate."

It was the 1973 energy crisis that turned the U.S. cement industry on its head. At the time, nearly 70 per cent of the cement kilns in the country were oil fired. To make matters worse, some 64 per cent of the nation's *cement was being produced* through the "wet" process, which required much more heat to convert raw materials, than the "dry" processes long used in Europe.

Domestic shipments of cement in the U.S. totalled a record 83.58m tons in 1973. But by 1975 sales had plummeted to *66.3m* tons and many producers began to look for a way out of the industry. Producers were forced by soaring oil prices to begin a process of conversion which by 1982 saw just 4 per cent of kiln capacity burning oil. For the first time ever, meanwhile, more than 50 per cent of U.S. cement was produced using the dry process.

It has been an expensive transition. Kaiser Cement, the sixth biggest U.S. producer, has spent $300m in the past five years converting its three biggest plants to the dry process and on converting all five of its plants from oil to coal. Nevertheless, Kaiser is forecasting a loss for 1983-84—its first since going public in 1947.

"The U.S. cement industry had gone through an unprecedented decline," says Kaiser vice-president David Hunn. Total home shipments had recovered to 80.6m tons in 1978, lending some comfort to producers in the midst of modernisation programmes, but have since fallen again.

"*1982 was our worst year in* 20 years," laments Robert Roy. *Sales last year rose from 62.5m* tons to around 68m but, "1983 was still the third worst in the last 15 years."

A decade of stagnant demand has demoralised many of the industry's leaders. General Portland, the fourth biggest producer, tried to diversify and bought into the furniture industry. Amcord, the sixth biggest producer in 1977, began to look elsewhere for investment opportunities. Alpha and Penn Dixie no longer exist. U.S. Steel parcelled up and sold off its Atlas Cement division in 1980.

The European producers latched onto this retreat with a vengeance. First after the 1973 oil price rises came Ciments Vicat, a French producer, which bought National Cement in 1974 and converted its plant in Alabama to coal in two years. Ciments Francais followed in 1976 when a U.S. subsidiary, Coplay Cement, bought plant from Alpha in Maryland and then Penn Dixie, in Nazareth, Pennsylvania, in 1960.

To begin with, the U.S. producers were happy enough to see specialist European cement makers move into markets and plant, particularly on or near the Eastern seaboard, where demand was flat and plants were old. The Americans that stayed in the game began moving into the sunbelt. They were, however, to be closely chased by the foreign invaders.

Nineteen seventy-seven saw West Germany's major producer, Heidelberger Zement, enter the industry when it purchased High Cement in Pennsylvania. Just under three years later, Heidelberger bought up most of Universal Atlas for a mere $185m, taking total capacity of its U.S. subsidiary, Lehigh Cement, to within a whisker of Lone Star's number one position at the time.

Genstar, the Canadian-based real estate, services and construction materials group (in which Belgium's Societe Generale holds a major stake) bought two Californian plants from Flintkote in 1979 for £311m and in 1981 the French returned to the industry when Lafarge Coppee took over the U.S.'s fourth biggest producer, General Portland, for $326m.

Italian producers also joined in the move to the U.S. IFI International, part of the Agnelli family's holding company, Istituto Finanziaro Industriale, along with another IFI subsidiary, Unicem, took control of plants in Pennsylvania, Tennessee and Missouri. Britain's Rugby Cement has since taken up roughly a third share in each of the plants.

Two other Canadian producers, St Mary's, which bought grinding mills in Michigan and Wisconsin and Lake Ontario Cement, with a grinding mill in Michigan, completed the foreign investment surge up until the middle of last year. In August 1982, however, Blue Circle appeared to have capped the investment cycle when it took over three modern plants from Martin Marietta (which needed the cash after its proxy battle with Bendix) in conjunction with Switzerland's Cementia, which took one, in a deal worth $170m. overall.

Just before Christmas, however, came an incursion from a completely new source, Australia. Adelaide Brighton Cement spent $13m on a 50 per cent share in Lone Star's ageing Seattle plant, the first investment in cement making by a producer west of the U.S. Soon after the New Year, Canada's St Lawrence Cement took over Lone Star's wet process works in Catskill, New York, for $30m.

Meanwhile, there has also been a considerbale shake-out among U.S. producers. In 1982 Lone Star, for example, acquired Marquette, the nation's fifth largest producer, for $267m to become the undisputed industry leader. Lone Star now controls roughly 13 per cent of U.S. cement capacity, nearly double that of its nearest rival, Ideal Basic.

"The stakes in the U.S. are fairly well set out now," says Andrew Teare, Rugby Cement's managing director. "There are signs that prices are strengthening."

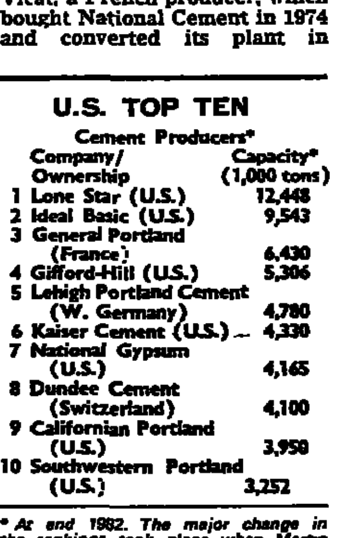
Dr Peter Otto, chief executive at Lehigh, expects the market to "be strong enough to absorb an increase" and probably speaks for the entire industry by arguing that "it is quite obvious that price increases are badly needed to generate enough cash flow to modernise many obsolete plants with the ultimtae goal of operating low cost facilities in order to stay competitive with imports and other building materials."

It is also tempting to view the timing of Blue Circle's investment, made after around 10 years' hard thinking, as an important indicator of things to come. "It did take us an unnaturally long time (to decide)," says chairman John Milne, "but we do seem to have hit the U.S. at the right time."

But, of course, the price *recovery could turn sour.* It seems unlikely that Caribbean Basin producers, the Indonesians and even the Japanese will stand idly by if the U.S. market picks up significantly. Plants along the coast and navigable rivers have proved vulnerable to imports in previous upturns and there is already considerable Latin American investment going into import terminals.

Any attempts by the U.S. authorities to clamp down on imports could lead to another round of full scale capacity acquisitions, this time by Latin American and Far Eastern producers.

Roy Grancher, a U.S. cement analyst, insists that his prediction that foreign ownership of U.S. cement making capacity could rise to 50 per cent by the end of the decade is credible. The process, he says, could start with the Mexicans, whose home markets are close to saturation. "They just *have* to take a position in the States," he says.



The statistics above apply only to Portland cement. Inclusion of masonary cement would raise capacity and shipments by an average of around 4 per cent.

U.S. TOP TEN
Cement Producers*

Company/ Ownership	Capacity* (1,000 tons)
1 Lone Star (U.S.)	12,448
2 Ideal Basic (U.S.)	9,543
3 General Portland (France)	6,430
4 Gifford-Hill (U.S.)	5,306
5 Lehigh Portland Cement (W. Germany)	4,780
6 Kaiser Cement (U.S.)	4,330
7 National Gypsum (U.S.)	4,165
8 Dundee Cement (Switzerland)	4,100
9 Californian Portland (U.S.)	3,950
10 Southwestern Portland (U.S.)	3,252

** At end 1982. The major change in the rankings took place when Martin Marietta, ranked fifth a year ago, began selling off plant. Blue Circle, which bought some 1.8m tons of capacity from Martin Marietta, would probably now be ranked at 15. If combined, the three companies now being run jointly by IFI and Unicem of Italy and Rugby Portland of the UK, would probably rank at 13.*

Men & Matters

Hock leaves

There will be a few bankers around the world secretly pleased to hear that Dee Hock, the 54-year-old American boss of Visa, the international credit card and travellers cheque group, is to retire next year.

For though Hock's supporters regard him as a banking visionary who has done more than most to push Visa's 15,000 member banks towards the next century, his 14-year struggle to establish Visa has brought him his fair share of enemies. They see him as an egocentric empire builder bent on turning Visa into the main distribution channel of the cashless society.

There is no arguing, however, with Hock's success in securing worldwide acceptance of Visa, even among people who may never have heard of the bank that happens to share its logo.

Hock learned the credit card business at Rainier National Bank in Seattle and was the leading light in persuading Bank of America to sell its credit card programme to the participating banks.

In the beginning, he was very much the "hired hand"; but, of late, he seemed to be taking Visa in directions which did not always suit some of its owners.

Visa was *the key to getting* Merrill Lynch's cash management account off the ground, and some bankers have never forgiven Hock for directly enrolling J. C. Penney, the big department store, to accept Visa cards without using a bank as an intermediary.

Ever since then, Hock has been in the middle of a running battle between those of his members who wanted to keep Visa *as exclusive as possible,* and those who have sympathised with his efforts to open the Visa network to more players.

Visa is now putting together the first shared system of automated teller machines (atms) which will allow bank customers to withdraw money around the world. So far 74 banks with 6,264 atms—2,450 of them outside the U.S.—have joined. Visa has also said it plans to introduce the machines at independent sites such as airports.

Hock, it seems, has now achieved what he wanted. Visa's market share is accelerating rapidly and its members' profits are at an all time high.

Sun stroke

More shafts from Arthur Scargill—but directed once again at his enemies in Fleet Street.

After turning the cameras on reporters at a National Union of Mineworkers' press conference last week, Scargill this week switches his offensive into print.

The NUM's newspaper, Miner, carries an all-embracing attack on newspaper proprietors—"these gentlemen of pleasure, who spend more on an alcohol-soaked Fleet Street lunch than a pensioner has to live on for a week"—before concentrating its attention on Rupert Murdoch and the Sun.

Offering NUM members "the ballot that Arthur Scargill won't give you," the Sun on January 10 printed a ballot form asking miners if they wished to continue the overtime ban.

The NUM has responded with a libel action over the wording of the Sun's ballot—and the Miner, with a parody of it. Under the headline: "Sun readers! Tell us what you really think," it asks whether Murdoch should continue to own the Sun, News of the World, The Times and the Sunday Times, "influencing *the minds of millions* of people."

"Think about it," the Miner urges in Sun-speak—before expressing its own opinion that Murdoch's footnote in history will be "as a man who bullied others into producing the kind of newspaper that no self-respecting fish would be seen dead in."

Diplomatic round

Without Switzerland to provide emergency links, there would be many a gap in the world's diplomatic circles.

Apart from looking after their own interests abroad, Swiss diplomats are currently acting for no less than 17 other governments where normal diplomatic relations have fallen foul of politics and been broken.

Whatever dialogue there may be these days, for instance, between Iran and South Africa has a marked Swiss accent. The Red Cross state represents Iran in Pretoria and South Africa in Tehran.

If the Swiss had not stepped in to the breach, troublesome Iran would have no relations to speak of with at least six other countries.

Britain is represented by the Swiss in Guatemala and Argentina; the U.S., in Cuba as well as Iran; and Israel, in Ghana, Hungary and Madagascar.

"Some people are satisfied with a 4 per cent increase—without any nonsense about an overtime ban"

But if the whole diplomatic tangle suggests a far from peaceful world, it should be noted that at the height of World War II, Switzerland represented the interests of 34 other countries—twice as many as it does today.

New angle

A Stafford-based company has struck what could be a major blow for peace in the long-standing row between bird fanciers and anglers.

Conservationists have complained for years that the lead shot with which fishermen weight their lines has been poisoning large numbers of luckless swans.

Now Evode Group, better known for its Evo-Stick household glue, has brought out a lead-free anglers' weight. It has the extra advantage of coming in a putty-like consistency so that it can be moulded into the size and shape which suits anglers best.

But those are only some of its attractions. In an anglers' weight treatise which would have done Isaac Walton proud, Evode suggests: "When the fish are not taking your bait, roll a piece of Anglers' Weight between your fingers and keep squeezing it into different shapes. If you do not get any bites or it gets late, put it back into the tackle box, pack up and go home."

Chain store

Amazing chaps, the Chinese. The China Daily reported yesterday that an engineer in Shenyang has invented a bicycle that can be converted into a tricycle, a desk, a sofa, or a wheelchair.

Creating a demand for the contraption may be even more difficult.

Observer

هكذا صدر الاصل

UK TRANSPORT WORKERS' ELECTION

A crucial choice to stop the rot

By Philip Bassett, Labour Correspondent

AFTER 62 years, under six leaders, Britain's largest union, the Transport and General Workers', is about to hold its first real election for a general secretary. The outcome is likely to be crucial for the future of the whole labour movement, and for its relations with employers and with the Government.

The first stage of the election to find a succesor to Mr Moss Evans, general secretary since 1978, opens on Monday. In the light of the Government's legislative scrutiny of trade unions' internal affairs, the election poses clear choices for the TGWU, and for the wider union movement: change or continuity, authority or weakness, TGWU leftism or the TUC's new realism, consultation or centralisation, democracy or autocracy, responsiveness or irrelevance.

The TGWU used to bestride Britain's trade unions like a colossus. Its voice was heard everywhere. Its general secretaries became government ministers. Its ideas became acts of Parliament. At the height of his influence in the mid-1970s, Mr Evans's predecessor, Mr Jack Jones, was seen in opinion polls as the most powerful man in Britain. Down at local level, tough negotiators such as Mr Alan Law, leader of the Midlands lorry drivers' and the union's 5/35 branch in Birmingham, virtually set their own terms with employers who were grateful to be allowed to operate their businesses.

But no more. The recession has bitten deeply into the private manufacturing sector, and with it the TGWU's power base. The road haulage pickets who symbolised the 1978-79 "winter of discontent" have seen many of their employers go out of business and many of themselves end up on the dole. Personnel managers in haulage firms still talk to the TGWU—but they no longer have to keep them sweet for fear of the consequences.

The sheer scale of the problems now facing the TGWU is daunting:

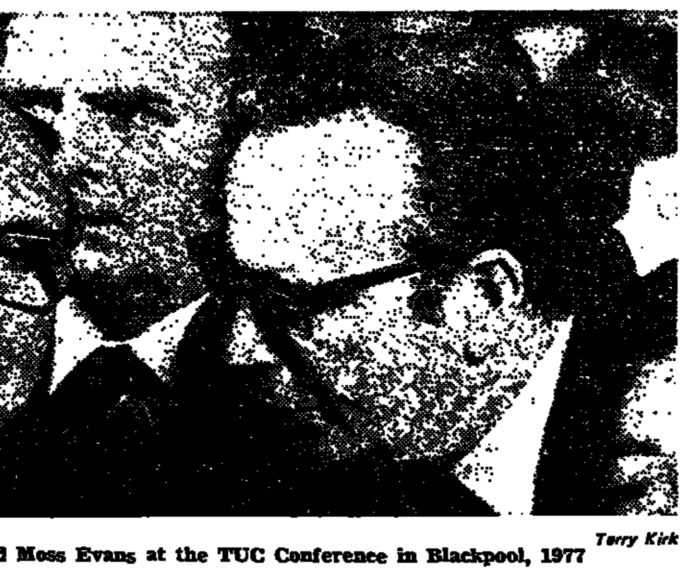
● **Membership.** During Mr Evans's tenure unemployment has reduced TGWU membership by more than most unions could ever hope to have. Numbers have fallen by almost a quarter, from more than 2m at the start of 1978—then one in every six trade union members—to only just over 1.5m now.

● **Finances.** With total assets of £52.091m, the TGWU is far from poor. The drop in members, though, is making it feel the pinch: next week, a special conference of the union will be asked to endorse proposals for a two-stage 50 per cent increase in subscriptions.

● **Organisation.** Mr Jones sharply increased the power in the union of the shop steward. Sometimes beneficial, sometimes frightening, the shop steward movement was one of the first targets of new recession-hardened managements, such as at BL. The decline of the shop steward has helped increase the TGWU's rootlessness.

● **Influence.** Though still on NEDC and still on Mr Jones's creations such as Acas, the TGWU's corporate state power has gone. In the TUC, the removal of the TGWU's extensive powers of patronage, effected by the change in the method of electing the TUC's governing General Council, has institutionalised the decline in its power first felt after Mr Jones's departure. The result is that—unlike five years ago—the TGWU now regularly gets defeated on key issues, such as the recent decision not to support the NGA.

All the candidates for the top job know it is up to them to stop the rot. Ernest Bevin's original structure for the union, devised in 1921 and still largely in force, offers enormous authority to the general secretary, who binds together the disparate sections of its membership, resists the particularist tendencies of its indvidual trade groups and counters the baronial power of the union's influential 11 regional secretaries.



Terry Kirk

Jack Jones (left) and Moss Evans at the TUC Conference in Blackpool, 1977

Mr Evans has trodden a different path, partly through illness, partly through choice: in the TGWU, the executive council has been given much more power, virtually for the first time. In the TUC, the union seems to have deliberately removed itself from the organisational alliance Mr Jones enjoyed first with Vic Feather, then with Len Murray as TUC general secretaries, and with Hugh (now Lord) Scanlon of the engineering workers. Mr Evans has preferred a political alliance with other left-led unions.

This shift has been decisive in opening up for the first time the normally formulaic pattern of TGWU general secretaryship elections. Traditionally, TGWU leaders have been careful to ensure a successor in their own chosen image: Bevin begat Deakin, who begat Tiffin, who begat Cousins, who begat Jones, who begat Evans.

Certainly in this election, Mr Ron Todd, the national organiser, leader of the Ford manual workers (as Mr Evans was) and currently grappling with the closure of the Dagenham foundry, is the favourite both of Mr Evans and senior figures at the TUC.

Certainly, Mr George Wright, the Wales regional secretary, like Mr Jones and Mr Evans, has a Midiands power base. Certainly, all the other serious candidates are based in Transport House in London, from which all previous TGWU general secretaries have been drawn.

But the fact that at this early stage there are seven serious declared contenders shows how much the game has changed. In his election—a two-horse race—Frank Cousins won 86 per cent of those voting—half a million people. Mr Evans and Mr Jones each had nearly 350,000 votes—still decisive victories.

This time, the sheer number of contenders will split the vote, allowing in as general secretary someone with the lowest-ever successful vote in a TGWU election—perhaps as low as 180,000, according to some internal estimates. Voting is by individual ballot at branches. Given that, turnout is relatively high for trade union elections. Even so, the result this time could be tight—a winning margin of perhaps as little as 10-15,000.

With such tight margins, and with the voting likely to be dominated by union activists, all the contenders are angling for early advantages in the lengthy campaign before the result is declared in June.

They all recognise, decry and court the likely influence on the election of the Press, TV and radio. The regional secretaries will also be powerful; as one candidate puts it: "That's the machine. Whoever controls the machine gets the votes." Currently Mr Wright is thought to have the support of a substantial proportion of the regional officers.

Political groupings in the union are less decisive than in such unions as the engineering workers. Previous elections have tended to be faction-free. However, after some doubts, the Broad Left is poised to support Mr Todd, and the right wing to back Mr Wright.

Mr Neil Kinnock, the Labour leader, is seen by virtually all the TGWU contenders as a likely ally and a close comparison. Despite the range of their political views, all the candidates claim to occupy the crowded centre-left position.

Though it is hardly surprising, since they are touting for votes, all the contenders lay great stress on increased membership consultation.

At the same time, most stress the need for a strong, authoritative leader, to give new direction to a TGWU seen as aimless, and new confidence to its depressed members. Striking a balance between strong leadership and membership control is difficult. Jack Jones did it, but as one of the candidates said: "He was an exceptional man. There is not a Jack Jones among this lot—including me."

Mr Todd is holding to the union's current raft of "progressive" policies, but many of the others, led by Mr Wright, feel that the TGWU will have to move away from the left towards the centre, if it is to try to regain its lost influence.

The chosen methods are different. Some prefer increased campaigning, others internal streamlining and modernisation. Still others accept the drift of the leadership away from the members, and feel that a new leader of the TGWU must play a crucial part in rehabilitating the public image of the unions, erasing the memories of the winter of discontent and returning the labour movement to the social and industrial respectability it enjoyed in the 1970s.

As one of the candidates puts it: "I see the T&G as the linchpin of the whole Labour movement. If you make the T&G work you make the whole movement work—and that's the size of the job I see in front of us. It isn't just a question of putting the T&G right. It's a question of putting the TUC right. It's a question of putting the Labour Party right. It's a question of putting the movement right."

Exchange Rates

Why the pound is still absurdly overvalued

By Bryan Gould, MP

THOSE who recall the panic as the pound dipped towards $1.50 in the autumn of 1976 might conclude that the relative calm — and the stock market euphoria—which have greeted the $1.40 pound show at least that we have learnt something in the meantime—or perhaps it is simply that these things seem more tolerable when there is a Conservative Government in power.

The pound's fall against the dollar does, of course, leave its over-valuation against European currencies and the yen virtually unaffected. It nevertheless focuses attention again on the question of whether the Government has, or should have, an exchange rate target, and if so, what it should be and how it should be achieved.

The Government has always declared that it is content to let the markets decide; but ministers are unlikely to welcome the pound's slide. The exchange rate is increasingly regarded as an important indicator and determinant of monetary policy, and its fall will be seen as threatening the coherence of the counter-inflation strategy. A rise in interest rates—the most likely measure to prop up sterling—will seem to be just as inflationary as the fall itself.

Accordingly, some will press the case for joining the European Monetary System, arguing that an over-valuation which can no longer be sustained by high oil prices, an excessively tight monetary policy and high interest rates might still survive with the aid of European reserves.

Although the Government will no doubt maintain its opposition to the EMS on political grounds, it is unlikely to give up its attachment to the highest possible value for sterling. The supposed absence of an exchange rate target has meant in practice that the rate is allowed to go as high as it can, under the twin pressures of North Sea oil and an excessively tight monetary policy (how else can 1981's $2.40 pound be explained?) but that "smoothing" operations by the Bank of England will effectively place a floor under it when it falls.

The result has been, in addition to the other burdens suffered by British industry, an appalling loss of competitiveness. The indices vary, but all show a damaging decline, with the most commonly used—the IMF index of normalised relative unit labour costs—showing a horrifying fall in competitiveness of over 30 per cent since the first quarter of 1979.

The best measure of competitiveness is that provided by the practical test of trying to sell British goods against foreign competition in markets both at home and abroad. The hastening decline in our trade in manufactured goods — (we recorded our first ever deficit last year) — represents the markets' conclusive and damning verdict. The oil has in effect displaced manufacturing production, and the revenues have been pre-empted by the consequent need to pay for unemployment.

> Our aim should be a return to the level of competitiveness enjoyed in 1976

There can be no solution to the problems of British industry until this loss of competitiveness is eliminated. We cannot rely on productivity improvements to do this for us, since, even if they are not — as seems likely — a statistical illusion, we are clearly not gaining substantial ground on our main competitors.

Nor can we rely on driving down real wages; even a marginal success here could only be achieved at considerable social and industrial cost, would be quite inadequate to redress the huge loss we have suffered and would in any case, on present policies, be immediately negated by a rise in the effective exchange rate.

The only direct and immediate way of improving the competitiveness of British industry is to reverse the absurd over-valuation of sterling. The pound's fall against the dollar gives us a chance of redressing the misalignment with the minimum of pain.

It has already produced for those, like Jaguar, who sell principally to the U.S., the benefits to be gained from a competitive exchange rate; and, since most of our important import prices are in dollars, it has also meant that we have already borne most of the inflationary brunt of devaluation which has, incidentally, been much less severe than many opponents of devaluation feared. To complete the realignment of sterling against other major currencies would mean virtually all gain to competitiveness with comparatively little loss to inflation.

When the dollar eventually weakens, the pound must go with it. We can achieve this by consciously adopting an exchange rate target. That target should be fixed in terms of a competitiveness index (the terms of trade for manufactures or relative export prices would be the most appropriate). Our aim should be a return to the competitiveness level we enjoyed all too briefly in late 1976 and which we undertook to the IMF to maintain.

A relaxation of monetary policy, with an accompanying fall in interest rates, would do the trick, just as it did in the 1930s when a 35 per cent devaluation, cheap money and protection against imports made us the most successful industrial country in the world.

The key is to use the exchange rate as it should be used — to balance our trade while making full use of our resources and securing a reasonable rate of growth. If we cannot do this — if our trade performance is declining, if our growth rate is non-existent, if we need unrealistic rises in productivity or falls in wages just to stay in business — this is conclusive evidence that our exchange rate is too high. Many of our current problems arise from that simple fact.

The author is the Labour Party's front bench spokesman on Trade and chairman of the Labour Economic Policy Group.

Letters to the Editor

Usefulness of index funds in portfolio management

From Mr S. Glover

Sir, — Mr Wrey (January 10) attempts to decry the usefulness of index funds in portfolio management. His argument emphasises that to beat the index is the prime desire of the active fund manager, but omits mention of the corollary to this statement, which is that the manager will also wish to avoid underperformance of the benchmark. The former we can never guarantee, but the latter we may achieve, at a minimum, by holding the index.

This statement has two important implications for portfolio management. The first is that the index is a potential portfolio like any other. It should be considered a "normal" position — the portfolio assumed to be held before active strategies are implemented. Just as you would not build a house without a firm foundation, why should you construct a portfolio without regard for the building blocks already in place? Second, any departure from this position necessary for the achievement of superior return also increases the likelihood of underperformance. The amount of underperformance the investor is prepared to tolerate thus becomes a crucial investment constraint. The extremely risk-averse investor who wished to participate in the equity market would be one possible candidate for an index fund.

This has another important ramification. A portfolio which achieves a higher return than the index is not by definition a superior portfolio whenever *its* potential for underperformance is greater than that of the index. Consider, by way of a simple example, that two alternative investments, cash and gold, had both experienced the same return over a given period. The cash fund would be superior because its downside risk is much lower. It follows logically from this that the investment manager should pursue any strategy which offers a higher return for the same level of downside risk. Mr Wrey states that index funds are often used in circumstances where the balance of investable assets is given to specialist managers. Such an approach is designed to generate attractive performance while controlling the downside risk of the overall investment. As such, it is another valuable use of the index fund. The greater the amount of indexed assets, the more flexibility the fund sponsor has in committing the remainder of the fund to managers who might otherwise be considered too aggressive. The existence of the passive manager helps to justify the employment of the active.

It is suggested that index funds are "defeatist" and can be "disadvantaged when certain industries are in decline." Since such industries constitute part of the market this is an irrelevance. Furthermore, there is a large number of "non-defeatist" managers who have been unable to identify such industries and avoid their inclusion in investment portfolios.

Investment management is a product like any other and we cannot ignore the needs of a consumer. If the client is not prepared to sustain under-performance, does an index fund not become a possible addition to our product line? And if we assume more risk than the client can tolerate in the single-minded pursuit of beating the index, does this not constitute an "abandonment of fiduciary responsibility"?

Stephen W. Glover,
The First National Bank
of Chicago.
90 Long Acre, WC2.

Intellectual property rights

From Mr P. Smith

Sir,—Your Legal Correspondent, in his article "An optimistic view of the British patent system" (12 January) takes a pessimistic view of the likely reaction of patent agents and lawyers to the report on "Intellectual property rights and innovation."

He might note that the scheme for a petty patent outlined in the report is one which was originated by patent agents. Registration of service marks is among the other proposals in the report which already have the active support of the Chartered Institute of Patent Agents. A small claims patents court to reduce the cost of legal action was proposed by one of the small group of barristers specialising in this field over a year ago. In its latest version this proposal suggests that barristers and others representing the parties in such a court would not charge fees.

The proposal to investigate the patent agents so-called "monopoly" is one which I personally welcome. All that this seeks to achieve is that inventors and their companies who seek professional help in preparing and filing a patent application can rely on a "patent agent" being a person who is fully qualified by training and examination to carry out the complex technical and legal work necessary.

I think that Mr Hermann will find that patent agents are sufficiently commercially oriented to recognise that what is good for their clients is also, in the long run, good for their business.

P. A. Smith,
10 Queensdale Road, W.11.

Enterprise allowance scheme

From the Executive Director, Derby and Derbyshire Business Venture

Sir, — Tim Dickson's suggestion (January 12) that a thorough evaluation should be undertaken to determine the cost effectiveness of the Government's schemes to aid small businesses is one which I support. I am especially concerned about the enterprise allowance scheme operated by Manpower Services Commission, not because of its cost to the taxpayer as it in general merely replaces one form of benefit with another, but because of the potentially high failure rate of those receiving the allowance, with the attendant costs and misery to the would-be entrepreneur and for those to whom he owes money.

The principle of providing financial support to those currently in receipt of unemployment benefit who wish to start a business is a good one. The weakness of the scheme is that there is no test of viability of the proposed business idea when the allowance is granted. The £40 per week for one year is a sufficient carrot for many to start a business when they totally lack any entrepreneurial or business management skills or a viable idea. We have seen many clients who are in receipt of the allowance and who are firm in the belief that because it has been granted their business idea has been assessed as viable. Although free counselling is available through the small firms service or local enterprise agency many are reluctant to use the services.

The scheme is operated by Manpower Services Commission who cannot be expected to assess viability but this could be arranged in conjunction with the Department of Trade and Industry. Applicants for the MSC small business courses all have an assessment for their business idea before acceptance. At the very least there should be follow up compulsory counselling sessions for those in receipt of the allowance so that potentially disastrous failures could be identified at an early stage.

Michael C. Powell.
Saxon House, Heritage Gate,
Friary Street, Derby

Old mediocrity may be preferable

From Mr P. Myers

Sir, — The president of the Royal Institute of British Architects (January 11) feels that conservation has gone too far. Many, including some who count themselves moderate conservationists, will feel some sympathy with the professional frustrations of which he complains.

But his article will scarcely have done much to increase that sympathy.

It does not touch on a major underlying problem—that much new building is widely perceived as repellent and dehumanising. Judgments rest on comparisons; if conservationists are overly tender in their concern for Victorian mediocrities it may be because they fear (not, surely, without reason) what would replace them. Mediocrity is preferable to dehumanised desert.

It is sad, and alarming, that in admitting only three justifiable reasons for retaining an old building, the president of the RIBA does not have some regard to these fears. Rightly or wrongly many people feel that most old buildings are less disagreeable than their probable replacements. That is clearly an undesirable state of affairs. It would be far better all round—and not least for conservation in the longer term—if we could be shown otherwise.

P. G. Myers.
144 Duke's Avenue, N10.

Always read the small print

From the Director, Trade Policy Research Centre

Sir,—The article by Christopher Lorenz, "Beware of Japanese bearing 'gifts'" (January 16), conveys a warning about joint ventures which applies to all joint ventures, not just to those with Japanese enterprises.

At an UNCTAD meeting a few years ago a developing-country representative told the story about a pig and a hen who agreed to embark on a joint venture producing bacon and eggs.

After signing the contract, the pig was going home well satisfied, but he fell to reading the small print and soon got very agitated. The pig rushed back to the hen. "Look here," he said, "to fulfil your side of the contract, all you have to do is lay eggs, but fulfil my side I have to get killed." "Grow up," the hen replied. "You ought to know by now that in any joint venture someone always gets slaughtered."

Hugh Corbet.
1, Gough Square, EC4.

FINANCIAL TIMES
Wednesday January 18 1984

Bonn cuts borrowing DM 9.4bn below target

By Jonathan Carr in Frankfurt

THE West German Government was able to cut its net borrowing in 1983 by far more than originally planned, and it expects to make another reduction this year too.

Dr Gerhard Stoltenberg, the Finance Minister, said yesterday that the net borrowing sum last year totalled DM 31.5bn ($11.3bn), which was DM 9.4bn less than the initial budget estimate.

The main reason for the improvement was the economic upturn which brought gross national product growth of 1.2 per cent in real terms – more than almost everyone expected.

As a result, government revenue was DM 2.9bn higher than expected, while expenditure fell by 2.6 per cent on the first estimate to DM 246.7bn.

With this head start, Dr Stoltenberg said he hoped that net borrowing in 1984 might be below DM 30bn, instead of the DM 33.6bn written into the budget.

Encouraging news for Dr Stoltenberg also emerged yesterday from the Bundesbank, the W. German central bank, which is legally bound to turn over most of its profit to the federal Government.

Last year the Bundesbank paid over a record DM 11bn from its 1982 profit, and, so far, the Government has been expecting a maximum of DM 9bn for this year.

But new Bundesbank figures indicate that the actual profit may after all be more than DM 9bn, and perhaps even close to the previous record.

Dr Stoltenberg has made clear that he will use whatever sum emerges to cut the borrowing requirement still further.

The Länder, the provincial states, also managed to cut their net credit intake last year to DM 20bn – more than DM 3bn less than in 1982.

The overall reduction in public-sector borrowing will, it is felt, help to ease pressure on the capital market and encourage lower interest rates, thus promoting a stronger economic upswing.

Reserve role pressure on D-Mark eases, Page 2

Mobil in royalty trust move

By Our Financial Staff

MOBIL, the U.S. oil group, has added a further twist to the growing debate on royalty trusts in the U.S. oil industry by asking the Internal Revenue Service for permission to establish a trust to absorb the oil royalties it receives for a Texas property.

The move is designed to save federal taxes, but also emphasises the pressure on several U.S. oil majors to maximise returns for shareholders by setting up trusts where income from oil-producing properties flows directly to them. Many observers have felt, however, that the tax implications, for the company and shareholders, are unclear.

The company said in its filing with the IRS that the trust would receive as much as $1.5bn in revenues over the life of the reserves covered by the trust. The amount of taxes the trust would save the company was not known.

It is understood that Mobil would funnel royalties from the West Ranch property, near Edna, Texas, into the trust, and give to shareholders one share in the trust for each 25 Mobil shares they held. Mobil would escape paying income taxes on the royalties. Taxes, it is understood, would instead be paid by the individual shareholders.

The IRS would not comment on the proposal. It said: "It is a private matter between IRS and the taxpayer," explaining that federal disclosure law prevents releasing details of such a plan.

Ford Ireland to close 'uncompetitive' factory

BY BRENDAN KEENAN IN DUBLIN

FORD IRELAND is to close its assembly plant in Cork later this year, with the loss of 800 jobs. Although the job loss might seem relatively small, it is a bitter blow for Cork, where Ford established one of its first plants in 1917, and where 1,000 jobs were lost before Christmas with the closure of the Dunlop factory.

Ford blamed the shutdown on the small size of the car plant, which, it said, was uncompetitive compared with larger facilities. The company also said the ending of protection for Irish car assemblers after 1984 meant the plant would have to continue "with one hand tied behind its back."

Until now cars assembled in Ireland have enjoyed significant tax concessions over cars imported in built-up form. This will end under the terms of Ireland's accession to the EEC in 1973.

It had been hoped Ford might continue in Ireland after an I£9m ($9.9m) investment retooling the plant for the production of Sierras. Ford said surplus car production in Europe had contributed to the decision. There will be speculation that bigger sales for the Sierra might have saved the Irish plant.

There is no doubt about Ford's commitment to Ireland, with the Cork factory being the first manufacturing plant built by Ford outside North America and a visit some years ago by Mr Henry Ford II.

Unions and management met in Cork yesterday to discuss the closure. It was expected Ford would propose generous redundancy terms to try to avoid a situation such as the sit-in at the closed Dunlop plant last year.

Kenneth Gooding adds from London: Ford insisted last night that the Cork closure had not resulted from any failure in the market by Sierra, but unions are convinced that if Sierra had lived up to Ford's best expectations, the Irish plant would have continued for some time.

The Cork decision certainly suggests that Ford of Europe has been looking at the 1983 results and taking some tough decisions.

The Cork facility is the first manufacturing plant built by Ford outside the U.S. – it was set up as an agricultural tractor factory 67 years ago.

Ford will continue with its sales and service business in Ireland, where last year it had sales totalling 12,737 (down from 16,593 in 1982) and maintained market leadership with a 23.2 per cent share

The move follows the announcement on Monday by Ford of Britain that it is to close a foundry in Dagenham, Essex, by April next year.

That immediately prompted a warning by the company's UK unions that they intended to disrupt the import of a range of engine parts, seeking to draw in workers at the engine plant at Dagenham – which will continue to operate – and at other Ford sites in the country.

Mexican outlay, Page 19

Standard & Poor's cuts many leading banks' debt ratings

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MOST LEADING U.S. banks and four foreign banks have had their credit ratings lowered by Standard and Poor's, the New York credit rating agency, because of international loan problems and other pressures on their financial strength.

The move follows by nearly two years a similar downgrading by Moody's, the other leading agency. It means that only one leading U.S. banking group, J.P. Morgan, and a handful of foreign ones retain the prized AAA status on their bond issues.

The downgrading also affected debt issues supported by bank letters of credit.

Downgraded from AAA to AA were Bank of Boston, Chase Manhattan, First Bank System, Manufacturers Hanover, Mellon National, Banque Nationale de Paris, Long-Term Credit Bank of Japan and Société Générale.

Citicorp, Chemical, First Interstate, Irving Trust and Bank of Tokyo were demoted within AA, which has several grades.

S & P reaffirmed its AAA rating for Barclays Bank, Bayerische Landesbank, Crédit Agricole, Paribas, Industrial Bank of Japan, National Westminster Bank, Rabobank and Swiss Bank Corporation. AA ratings were reaffirmed for Bank of Nova Scotia, Midland Bank, Toronto-Dominion and Bank of Montreal.

The difference between S & P's move and Moody's is that the former reflects the impact of the less-developed countries' (LDC) debt crisis, which had not emerged at the time of Moody's cuts in March 1982. The U.S. banks, with their heavy exposure to Latin America, are specially vulnerable to loan losses and are under pressure from their regulators to make larger provisions for bad debts.

Although the French banks are Government-owned, they are extremely highly leveraged by international standards,

S & P also cited the pressure on the banking industry from deregulation, which is intensifying competition from other financial institutions, and the financial burdens of the large acquisitions some banks are making.

U.S. money brokers face curbs, Page 5; Bank results, Page 17

Two senior executives resign at Westdeutsche Landesbank

BY OUR FRANKFURT STAFF

TWO SENIOR executives of Westdeutsche Landesbank, one of West Germany's biggest commercial banks, have stepped down. The bank has confirmed that it is having to make unusually large risk provisions for the 1983 year.

They are Herr Vinzenz Grothgar, deputy chairman of West LB's executive board for the last two years, and Herr Heinrich Viefers, the board member responsible for business customers, who was with the bank for 25 years.

West LB did not explain why the two men have left. No successors have been named yet. For the time being other board members will take over their duties.

It is understood, however, that West LB's shareholders – which include the state government of North Rhine-Westphalia and the local savings banks associations – have recently expressed their displeasure with the 1983 results.

Although West LB made a record operating profit of more than DM 1bn ($358.4m) this will need to be set aside for risk provision. The bank also set aside DM 800m for loan risks in 1982, and omitted a dividend for the third consecutive year.

At least part of West LB's domestic problems have arisen from its 30 per cent stake in Deutsche Anlagen-Leasing (DAL), the troubled leasing company.

Three months ago a group of German banks gave guarantees totalling DM 224m to DAL, with West LB putting up 40 per cent of the total. Recently DAL denied press reports that its write-offs for 1983 might total well over DM 1bn.

The departure of the two West LB board members is the latest in a series of management shake-ups at West LB over the years.

In 1981 Herr Johannes Voelling stepped down as chief executive after a plunge in the bank's profits.

His predecessor, the colourful Herr Ludwig Poullain, departed in late 1977 after a loan scandal which brought lengthy court proceedings in its wake, ending in Herr Poullain's acquittal.

Stockholm talks off to good start, Shultz says

Continued from Page 1

conference and on the reason for the deterioration in East-West relations.

Both Mr Shultz and Mr Claude Cheysson, the French Foreign Minister, who was also speaking for the 10 members of the European Community, insisted that the CDE stood a chance of success only if it limited negotiations to "specific concrete, realistic and useful steps" towards improving the climate of confidence in Europe.

M Cheysson insisted that the CDE should not be diverted by "declaratory diplomacy;" neither was it the place for negotiations on nuclear matters.

Mr Schultz began by recalling the heroic deeds of Swedish diplomat Raoul Wallenberg who disappeared in the Soviet Union after "saving thousands of Hungarian Jews" at the end of the 1939-45 war. This not only touched a delicate nerve, in Soviet-Swedish relations, it underlined Mr Schultz's insistence throughout his speech that defence of human rights had to be an integral part of an improved East-West relationship.

By insisting that the U.S. did not "recognise the legitimacy of the artificially imposed division of Europe", Mr Shultz caused himself some embarrassment at a press conference later when he was asked whether his remark meant that the U.S. was advocating the reunification of Germany or whether it implied rejection of the Helsinki agreement.

U.S. warns it may end air pact with UK

Continued from Page 1

Bermuda after the Second World War.

Other air transport officials in London, however, acknowledge that U.S. concern is serious. It stems, in part, from the belief that the UK would stand a chance of winning any dispute about Bermuda II requiring international arbitration.

As a result, the U.S. is likely to continue to threaten actual termination of Bermuda II. However, formal termination would require one year's notice, during which time eleventh-hour agreements could be reached, the officials said.

The U.S. is also in dispute with the Swiss authorities over wider access to the Swiss market.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	13	55	Dubrovnik	S	12	54	Malaga	S	15	59	Salzburg	R	4	39
Akrotiri	C	14	57	Faro	S	15	59	Malta	S	16	61	Seoul	S	-5	23
Algiers	S	18	64	Florence	C	13	56	Manila	S	32	90	Singapore	S	31	88
Amsterdam	Sn	3	37	Frankfurt	F	6	43	Miami	C	25	77	Stockholm	Sl	1	34
Athens	S	11	52	Funchal	C	16	61	Milan	D	11	52	Strasbourg	C	8	46
Bahrain	S	18	64	Geneva	R	7	45	Moscow	C	-4	25	Sydney	S	27	81
Bangkok	S	32	90	Gibraltar	S	16	61	Munich	R	7	45	Taipei	C	14	57
Barcelona	S	13	55	Guernsey	F	6	43	Nairobi	S	27	81	Tangier	S	16	61
Beirut	R	12	54	Helsinki	C	0	32	Naples	C	11	52	Tehran	—	—	—
Belgrade	S	6	43	H. Kong	C	17	63	New Delhi	S	18	64	Tel Aviv	R	15	59
Berlin	S	9	48	Innsbruck	F	3	37	New York	S	-5	23	Tenerife	C	20	68
Biarritz	D	11	52	Inverness	F	0	32	Nice	S	16	61	Tokyo	S	7	45
Blackpool	F	5	41	Istanbul	F	7	45	Oporto	D	11	52	Toronto	C	-9	16
Bordeaux	C	11	52	Jersey	F	7	45	Oslo	Sn	-3	27	Tunis	S	15	59
Brussels	F	6	43	Jo'burg	S	28	82	Paris	F	7	45	Valencia	S	13	55
Budapest	C	0	32	Las Palmas	F	20	68	Prague	C	6	43	Venice	R	2	36
B. Aires	C	34	93	Lima	S	26	79	Reykjavik	F	-10	14	Vienna	C	2	36
Cairo	S	15	59	Lisbon	F	13	55	Rio de J'o	S	43	109	Warsaw	C	3	37
Cape Town	S	24	75	Locarno	C	3	37	Rome	C	14	57	Zurich	R	7	45
Caracas	C	27	81	London	S	6	43								
Casablanca	C	15	59	Los Angeles	S	13	55								
Copenhagen	C	4	39	Luxembourg	F	5	41								
Corfu	S	14	57	Madrid	S	6	43								
Dublin	Sn	1	34	Majorca	F	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

UK industry output lags

Continued from Page 1

in 1983 is provisionally estimated to have been 5½ per cent higher than in 1982.

The gap between sales and production may partly reflect a further reduction of manufacturers' and retailers' stocks in the last three months of 1983, although figures for that period are not yet available.

Yesterday's production figures provide little support for the idea that industrial output is ready to respond vigorously to the strengthening of domestic demand. The output of consumer goods, for example, actually fell slightly in the latest three months compared with the previous three-month period.

It seems likely, therefore, that a considerable proportion of the recent consumer boom was to the benefit of exporters to the UK.

Britain's most recent trade statistics show a surge of non-oil imports in October, with the volume of shipments 18 per cent higher than the average monthly volume in 1982. That presumably reflected an effort to stock up for Christmas. In November, however, the figures show a more "normal" level of imports, only 2½ per cent above the average level for the first nine months of the year.

Japanese bank chief seeks rise in domestic demand

By Jurek Martin, Far East Editor, in Tokyo

JAPAN must achieve a better balance between export growth and domestic demand to make a more effective contribution to international economic stability, according to Mr Haruo Maekawa, Governor of the Bank of Japan.

In a speech yesterday, Mr Maekawa said that Japan's surplus, on both trade and current accounts, was "so big it is now a major problem for us."

In 1983, the trade surplus, as measured on a balance-of-payments basis, exceeded $30bn, while that on current account was more than $21bn. Both, he noted, were well up on 1982.

The answer, he said, lay in encouraging domestic demand, which was now beginning to pick up, and in raising the value of the yen.

He offered no suggestions, however, as to how the latter might be accomplished, other than to hope that the "overvalued" dollar might eventually decline.

Although Mr Maekawa maintained that there was, in the current climate, very little room for either fiscal or monetary policy to spur the domestic economy, something resembling a debate was going on in the Japanese Government on precisely how neutral fiscal policy should be.

It is being led, predictably, by Mr Toshio Komoto, now back in the Cabinet as head of the Economic Planning Agency once more.

Over the past week, Mr Komoto has launched some sharp attacks on the Ministry of Finance's plans to offset the planned cuts in income taxes by increasing a variety of indirect consumption taxes.

His position is that the income tax cut should go ahead on its own, supplemented by a new, sizeable investment tax credit, to get domestic demand rolling again.

Once that is accomplished, the Government should then consider the more fundamental issue of redressing the balance between direct and indirect taxation.

Mr Komoto may be frustrated in his desire for more comprehensive tax reform, but he appears to be making headway in trimming some of the proposed increases in consumption taxes, such as the mooted higher levy on imported crude oil.

Nakasone foresees satellite purchases, Page 6

U.S. home videotaping cleared

Continued from Page 1

Stevens noted. Congress may take a fresh look at the issue of protecting the rights of copyright holders, he suggested.

Several Bills have already been introduced in both Congress and the Senate that would specifically exempt home recording from copyright infringement. Other Bills, which are supported by Hollywood film makers, would impose a statutory royalty tax on all VCRs and blank videotapes, regardless of whether they are used to record copyrighted works. The film industry is now expected to press for the passage of this legislation.

Both Walt Disney Productions and Universal Studios referred questions relating to the Supreme Court decision to their lawyers, who were unavailable for comment.

The related issue of whether movie makers have the right to collect copyright fees on movie tape rentals remains unresolved by the Supreme Court. Currently no such fees are collected.

The movie industry and its supporters argue that the thousands of small store-front businesses that rent out movies should be forced to pay a one-time royalty fee upon each tape that they purchase to cover rental copyright fees.

A Bill has been introduced in Congress to impose such fees. According to sponsors of the Bill, consumers would benefit since the price of movie tape sales would eventually be reduced.

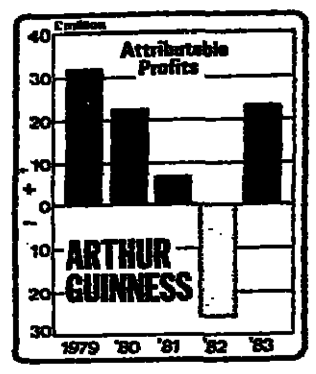
A levy on blank tapes has been introduced in Austria, West Germany and Sweden. The British Government has, so far, turned down the idea, although the video industry believes it may now be more willing to consider a levy.

THE LEX COLUMN

A cleaner brew from Guinness

The new convertible tap looked cheap when the minimum tender price was announced, so yesterday the jobbers set about making it look less attractive by knocking down existing stocks and going short of the futures. But unless the New Cross affair has made the building society treasurer run for shelter, this morning seems likely to see the stock sold out, at perhaps a quarter-point premium.

Arthur Guinness



The attributable profits for its latest year to September leave Arthur Guinness nearly £3m short of squaring the £26m loss notched up in its extended year-earlier period – courtesy primarily of the £49m written off below the line in 1982 – and the case even now for predicting substantial further growth must still be taken largely on trust: no self-respecting umpire for the Guinness Book of Records would be happy just yet, for example, to acclaim the reported but unquantified upturn in the group's UK draught beer sales.

Neither of these reservations, however, can detract much from the fact that 1981-83 has indeed emerged looking like the watershed for the group it was supposed to be – with Guinness achieving in the process an £11.5m jump in 1982-83 pre-tax profits to £58.8m.

Discontinued operations have contributed a gain of £5.4m to trading profits; the sale list, now exhausted, evidently included some profitable subsidiaries for a while after the earlier elimination of innumerable small loss-makers. The heavy disposals programme has also added about £20m to cash flow, usefully assisting the reduction of net debt from £81m to £48m which in turn has produced a £5.1m fall in interest costs. The £3.2m net increase in the contribution from associates and the £3.7m jump in net exceptional costs completes the pre-tax picture.

Except, that is, for the small net gain of £1½m chipped in by the group's continuing operations which must be the next item on the new management's agenda. Any further rise in the shares, after their move up from a 1983-84 low of 101p to last night's closing 135p will probably await news of firm progress on these core businesses. Guinness has invested £23½m since 1981 on improving future brewing margins. Overseas operations have overtaken the Irish Republic as the main source of profits. But perhaps the group's success in reaching this stage at all after only two hectic years is the most encouraging sign of all.

UK output

The failure of booming consumption to provoke anything that resembles a manufacturing recovery in the UK becomes more worrying by the month. For if consumer manufacturing – the motor industry apart – has not responded so far, it is hard to see when it will. The way that companies have gone on cutting stocks, at least in proportion to output, is certainly not the usual form for the start of recovery; perhaps the explanation is that producers have simply been continually surprised by the acceleration in demand.

In any case, the combination of devil-may-care spending with static output is bound to start creaking befor elong, whether the strain shows first in the exchange rate via imports or through still higher personal sector loan demand and a credit crunch.

MFI

MFI's vital statistics for the six months to end-November bear remarkable witness to the explosion in non-food retail sales. With turnover per sq ft up by 16 per cent and total volume growth in the region of 30 per cent, the 38 per cent rise in pre-tax profits – to £15.6m – comes almost as an anti-climax. In pursuit of market share, MFI has held prices steady – though with suppliers picking up the tab, gross margins are unchanged.

At the year end, total square footage should be up by 10 per cent on last year. By expanding into the boom in this way, MFI is indulging in a kind of tightrope act. If the boom collapses, a profit downturn is inescapable; if it goes ahead too fast, there is the risk of consumers trading up out of the flatpack market.

On the other hand, a mere eight-month lead time on store construction – and the new early-warning computer system – should make the expansion programme fairly sensitive to market changes. And given MFI's Marks & Spencer-type links with its suppliers, it has scope to adjust its product range to consumer tastes. On a likely full year pre-tax of £39m–£40m, the shares – down 3p to 156p yesterday, after some preresults ramping – are on a prospective actual tax multiple of 13.

Interest swaps

The standard corporate treasurer used to be a quiet, nine-to-five sort of chap who spent his day borrowing cash from the bank or parking it on the money market. These days, however, the self-respecting treasurer needs to be fully conversant with the latest in financial fashion.

A recent vogue is the interest rate swap, which enables a company to exchange fixed for floating rate funds, or vice versa. The merchant banks have by now created a fully-fledged secondary market for this transaction and UK commercial companies have probably swapped at least £300m to date, most of it denominated in U.S. dollars.

Allied-Lyons and BAT Industries have both arranged public bond issues with the intention of converting the proceeds into floating rate funds, but otherwise swap transactions rarely attract publicity.

Yesterday, however, Redland announced that it had switched no less than $63m of floating rate bank debt – almost half total group borrowings – into fixed-rate eight-year money. Redland reckons to have obtained its fixed rate money at a percentage point under debt market costs and has covered itself to some extent against a simultaneous rise in dollar rates and a collapse in the U.S. housing market.

Forthcoming annual reports should reveal the identity of other, more publicity-shy, companies with sprightly treasurers.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday January 18 1984

Citicorp hits record as retail earnings treble

BY WILLIAM HALL IN NEW YORK

CITICORP, the biggest banking group in the U.S. and one of the most active banks seeking a solution to the international debt crisis, yesterday reported a 19 per cent rise in its 1983 net income to a record $860m.

The group's strong performance owed far more to a sharp recovery in earnings at its retail banking operations, however, where net income trebled to $202m, than any upturn on its traditional international lending side.

Citicorp says the difficult economic environment was reflected in substantial credit write-offs and a higher level of non-accrual and renegotiated commercial loans. Strong business growth, including expanded fee income and commission revenues and foreign exchange revenues as well as asset interest revenue, helped offset these factors.

The group's net income in its fourth quarter rose a mere 4 per cent to $20m, but the group says the quality of its loan portfolio improved. This was demonstrated by the $445m decline in its non-performing loans since the end of the third quarter.

Net income per share for the full year rose 16 per cent to $6.48 and the company's profitability, as measured by return on common stockholders' equity, rose from 15.9 per cent in 1982 to 16.5 per cent. Return on assets improved from 0.59 per cent to 0.67 per cent.

Over the year, total capital rose 23 per cent to $9.6bn while assets rose only 4 per cent to $135bn, with the result that the group's primary capital ratio rose above 5 per cent, in line with the bank regulator's wishes.

The group says after absorbing all known loan losses for the year of $437m, earnings were charged an additional $83m to increase the allowance for loan losses to $766m at year end, where it equalled 96 basis points of total loans, up from 79 basis points a year ago.

Security Pacific yesterday reported a 3 per cent rise in fourth quarter net income to $70.6m and a 13 per cent increase in full year net income to $264.3m. Earnings per share for the year rose 11 per cent from $6.53 to $7.23.

Mr Richard Flamson, Security Pacific's chairman, said: "Lower interest rates and a revitalised economy produced strong consumer activity, providing growth for several major segments of Security Pacific."

The group's fourth quarter performance was boosted by a fall in the loan loss provision from $85.4m in the final quarter of 1982 to $48.3m in the latest quarter. For the full year provisions were down from $162.4m to $155.9m.

Marine Midland, another major New York bank, announced a 16 per cent rise in its 1983 net income to $101.1m or $4.85m per share. Fourth quarter net income rose 5.1 per cent to $25.9m.

At **Texas Commerce Bancshare**, the Houston-based multi-bank holding company, net earnings for the fourth quarter edged ahead from $42.8m or $1.33 a share to $43.6m or $1.35. This took earnings for the year to $177.2m or $5.50 a share, against $170.3m or $5.34.

Manufacturers Hanover, the fourth largest U.S. bank, yesterday announced a 14.3 per cent rise in 1983 net income from $294.9m to $337m, its eleventh consecutive year of earnings improvement.

Fourth quarter net income rose 3.3 per cent from $83.5m to $86.3m.

Sonessons expands drugs business

BY DAVID BROWN IN STOCKHOLM

SONESSONS, the Swedish engineering company majority owned by Volvo, is broading its base in the pharmaceuticals sector with the acquisition of Ferrosan, a small Swedish research and development company.

The new company will be merged with Leo, a drug company acquired by Sonessons last September, to form a new pharmaceuticals operation with annual sales of about SKr 800m ($98.76m), the fourth largest in Sweden. The planned introduction of Leo on the Stockholm Stock Exchange will be deferred until 1985, the company said.

Sonessons is an independently managed member of the Volvo group, and was acquired as part of the merger with Beijerinvest in 1981. It has expanded quickly through acquisitions over the past five years and recorded 1982 sales of SKr 2.9bn.

It made its first foreign share issue last June, raising £17.4m M$24.36m) in the UK.

It is buying Ferrosan from the Dutch baking company, Pogens International BV, for an unspecified price, which includes Leo shares. Ferrosan will then be sold to Leo, giving Sonessons a 70 per cent interest in the new company.

Ferrosan has annual sales of about SKr 200m. It had pre-tax profits of SKr 8m for the 1982–83 budget year ending last April.

Locafit increases leasing business

By Our Milan Staff

LOCAFIT, the Italian leasing company controlled by Banca Nazionale del Lavoro (Italy's largest bank), last year increased its leasing business by 22.6 per cent, to a total of L481bn ($284m).

The group's main leasing business rose by nearly 16 per cent, to L275.8bn, while its associates contributed the balance of new contracts. By far the best increase came from the Sud Leasing subsidiary, which began operating in southern Italy three years ago. Sud Leasing registered a 45 per cent rise in leasing business and its outstanding leasing assets of L127bn accounted for more than a quarter of overall business.

Dr Piero Mazzarino, president of Locafit, said yesterday that the BNL leasing company will soon enter into two joint ventures in the area of operative leasing. This is a business where the leasing company not only finances the transaction, but also handles the insurance, servicing, maintenance and technical control of the asset being leased.

The first of these ventures will be with Olivetti, the Italian data processing giant, and will begin on a 50-50 basis this spring. The initial capital will be L300m, rising to L2bn in 1985. The second will be a joint leasing venture from April with JCB, a British earth moving equipment company based in Staffordshire. Locafit and JCB will start with an initial capital of L200m.

Olivetti buys into two software groups

By Alan Friedman in Milan

OLIVETTI, the Italian data processing group, is taking minority stakes in two private software companies as part of its venture capital investment programme.

The first acquisition is a 20 per cent stake in Editrice Italiana Software, a Milan-based company which specialises in the production and distribution of software for personal computers. Editrice Italiana's capital has been increased from L200m ($118,000) to L1bn.

Olivetti has also purchased 20 per cent of Intersoft, a New York-based computer software firm which operates on the U.S. market under the "Lifeboat" trademark.

● Consob, the Italian stockmarket regulatory authority, yesterday raised the deposit required for share purchases from 30 to 40 per cent.

Computer units boost profits at Honeywell

BY TERRY BYLAND IN NEW YORK

HONEYWELL, the U.S. data processing and control systems group, boosted earnings last year due to a "sharp improvement" in its computer divisions. A net profit for 1983 of $231.2m or $5.03 a share compared with $206.6m or $4.60 at operating level in 1982. However, this figure excluded a $66.3m capital gain, which lifted the final net to $272.9m or $6.08 a share. Sales rose 4.7 per cent to $5.8bn.

The pace of growth slowed slightly in the final quarter when net earnings of $91.9m showed a net gain of 4.4 per cent, with sales 3.8 per cent up at $1.6bn.

Mr Edson Spencer, chairman of Honeywell, said the results had benefited from a fall in interest charges, which were more than halved to $22.2m for the year. Profits from information systems, aerospace and defence business increased but the control systems and products divisions brought in lower earnings.

International earnings, traditionally more than a third of the total, were depressed by the strength of the U.S. dollar and by the sluggishness of recovery in international markets.

For 1984 Mr Spencer expects Honeywell to turn in further increases in both sales and earnings.

Wang Laboratories, the big U.S. business systems and computer company, boosted second-quarter net earnings from $34.7m or 27 cents a share, to $47.8m or 35 cents, on revenues up sharply from $367.5m to $515.4m.

The company said the rise was achieved "despite increased competitive pricing practices within the industry, which continued adversely to affect profit margins."

The increase pushed earnings for the six months to December 31 to $86.7m of 63 cents a share, against $59.7m or 48 cents, with revenues up from $672.6m to $927.4m.

Wang said new orders rose 34 per cent to $618m in the second quarter, compared with the second three months of 1982-83. The order backlog was up $102m by the end of the latest quarter.

Oslo withdraws Aker offer

BY FAY GJESTER IN OSLO

NORWAY'S state-backed Ship Mortage Institute has withdrawn its offer to halve a NKr 250m ($31.8m) claim on Aker, the ship and platform building group, and has replaced it with a less generous scheme.

Aker has been in financial difficulties for almost a decade following the bankruptcy of the Beksten shipping group, which was unable to pay for several large tanker orders.

The Institute's original debt reduction proposals, put forward last September, were intended to smooth a capital restructuring programme at Aker by encouraging the injection of fresh equity. Another aim of the debt write down was to reduce the stake in Aker held by Mr Fred Olsen's interests, which until now have held a 75 per cent shareholding.

The proposals have been withdrawn by the Institute because it was "dissatisfied" with the capital scheme which is the creation of Mr Olsen and its two potential partners, Asea, the heavy electrical equipment maker, and Norcem, the cement group.

The Institute also points out that Aker's financial situation has improved significantly since the original debt offer was made. Aker has disposed of its unprofitable subsidiaries

Bid for NZ food group to go ahead

BY OUR FINANCIAL STAFF

WATTIES INDUSTRIES, the New Zealand food processing group, has recommended acceptance of a NZ$550m (U.S.$380m) bid from New Zealand Forest Products (NZFP) for control of the company.

NZFP holds 24.9 per cent of Watties after a dawn raid in mid-December and is seeking to increase its overall stake to 65 per cent. The remaining 35 per cent, for which NZFP is not bidding, is held by Doodman.

The forest products company is New Zealand's second largest group and the acquisition of control of Watties might see it return to the top of the market capitalisation league, pushing Fletcher Challenge into second place.

The partial takeover bid, of four NZFP shares plus NZ$1 in cash for every five Watties ordinary shares, and mixtures of cash and shares for the food company's 22.5m issued preference shares, is still subject to approval

General Electric income tops $2bn

By Our New York Staff

GENERAL ELECTRIC (GE), the U.S. electrical giant, pushed net income above the $2bn mark for the first time in 1983, following improved margins and an exceptionally strong performance by its consumer related business.

The group's net income rose 11 per cent from $1.82bn to $2.02bn in 1983, after a 1 per cent rise in sales from $26.5bn to $26.8bn. Earnings per share for the year were $4.45 against $4 the year before.

Mr John Welch, GE's chairman, said the company's strong performance occurred in a year when significant actions were taken to position the company better for the decade ahead.

Research and development spending was up a fifth at $2bn.

GE's operating margin in 1983 rose from 9.1 per cent to 9.5 per cent following across the board action in the company to reduce break even levels, improve productivity and control overheads.

The group's consumer-related business turned in an exceptionally strong performance. Mr Welch said: "The combination of lower cost bases and increased demand from the weak 1982 levels led to impressive operating improvements, with major appliance earnings more than double those of a year earlier."

Armco to show loss in quarter

By our New York Staff

ARMCO, the diversified U.S. steel company, will report a fourth-quarter loss after adding $75m to the reserves of its reinsurance subsidiary.

The company said yesterday that but for this reserve strengthening it would have been profitable in the quarter.

GM set to sell Isuzu trucks

GENERAL MOTORS is to expand its Chevrolet and GMC truck lines in the U.S. by selling a new medium-duty model built by Isuzu Motors of Japan, in which GM owns a 34.2 per cent interest, Reuter reports.

GM said the low, forward tilt-cab model will allow the group to compete in a segment of the truck market where it is not represented.

Mr Donald Atwood, executive vice-president, said sales levels in the segment do not justify GM investing to produce the trucks in North America. But he added that this might happen "eventually" if there is sustained growth in the market.

Finnish bank plans to raise share capital

By Lance Keyworth in Helsinki

KANSALLIS-Osake-Pankki (KOP), one of the big two commercial banks in Finland, has announced a new rights and bonus issue to open in March that will raise its share capital by FM 579m ($98.1m) to FM 1.8bn.

The news surprised the securities market as it was only in September 1983 that KOP raised its share capital with the biggest ever new issue launched on the Helsinki Stock Exchange. This rights and bonus issue doubled its share capital to FM 1.2bn, putting KOP at the top of the exchange list in terms of equity.

The new flotation gives shareholders a one-for-three right to subscribe to FM 40m of new stock and a one for eight bonus issue totalling FM 152m.

The bank staff is reserved the right to FM 19m new shares. The shares are priced at FM 24 each (nominal value FM 20).

Inco combines U.S. and UK management

By Our Financial Staff

INCO, the big Canadian nickel producer, has brought its U.S. and UK nickel alloy manufacturing businesses under one management in a move which the company hopes will permit "more efficient and cost-effective" production.

Huntington Alloys, of Huntington, West Virginia, and Wiggin Alloys of Hereford have been consolidated into Inco Alloys International, with integrated worldwide marketing and sales capability. The new company will produce more than twice the tonnage of its nearest world competitor.

Jordanian control for foreign banks

By Rami Khouri in Amman

THE JORDANIAN Government has formally notified foreign banks operating in the country that they have three years to *put 51 per cent of their equity* in the hands of Jordanian shareholders. A letter from the Industry Minister to the eight foreign banks in Jordan notified them that they had three years as of last December 27 to become "Jordanised" in compliance with a recent decision by the Government.

The eight banks are Grindlays, British Bank of the Middle East, Bank of Credit and Commerce International, Citibank, Chase, Almashrek Bank, Arab Land Bank, and Rafidain, the last three being banks licensed in Arab countries other than Jordan.

Foreign bankers have reacted strongly to the move and one or more are considering challenging the Government. The decision will bring banks in line with all other foreign companies operating in Jordan (except insurance companies) which have had to comply with majority local ownership provisions since 1967.

Several foreign banks have indicated privately that they might sell out completely to Jordanians and leave the country altogether, while others appear willing to keep a 49 per cent shareholding in their operations here if they can maintain control over the operation and policy of the banks.

It is likely that some of the foreign banks will maintain minority shareholdings and negotiate management contracts. All banks in Jordan must have a minimum paid-up capital of 3m Jordanian dinars (U.S.$8.2m).

BHP on target for Utah acquisition by April

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's biggest company, is close to finalising the details of its U.S.$2.4bn acquisition of the Utah International resources group from General *Electric, of the U.S.—a move* that will confirm its emergence as a major international resources concern. BHP said yesterday that "work on all aspects of the acquisition is proceeding and it is confidently expected that formal completion will occur in April 1984."

Delays have been caused by complex negotiations over the formation of a new Central Queensland Coal Associates (COCA) consortium, to handle Utah's Queensland coal mines. But, with yesterday's news that Bell Resources is close to completing negotiations to buy a five per cent stake in the new *consortium at a cost of* A$138.75m (U.S.$124.9m), the jigsaw is virtually complete. Bell Resources—formally called Wigmores—is a subsidiary of Mr Robert Holmes à Court's fast growing Perth based Bell Group.

Under present plans, BHP itself will take a 35 per cent stake in the new A$2.78bn, CQCA consortium, and GE will retain 15.5 per cent. *Mitsubishi* Development will hold 12 per cent; Australian Mutual Provident Society (AMP) 7.75 per cent; Bell Resources 5 per cent; and Pancontinental Mining, 3 per cent. Finally, 21.75 per cent will be held by a unit trust that BHP is forming. The trust is to make a takeover offer for UMAL Consolidated, which already owns an important stake in the existing CQCA consortium.

UMAL shareholders will be offered 3.1 units in the Queensland Coal Trust (QCT) for every UMAL share held providing acceptances exceed 75 per cent. *If they exceed 90* per cent the offer will be 3.2 units per UMAL share held. Shareholders will vote on the proposal at an extraordinary meeting on February 1. The unit trust's issued capital could total as much as A$452m, including the public issue of 100m units of A$1.

In addition to its three per cent stake, Pancontinental Mining has an option to acquire an additional two per cent stake in the new coal consortium next year.

A separate consortium is being formed to take charge of Gregory Mine, at present wholly owned by BHP which will retain a 47 per cent interest. GE will take a 15.5 per cent stake *in Gregory*, QCT 21.75 per cent, and AMP 7.75 per cent.

Utah's non-Australian resources assets are being acquired solely by BHP. They include coal mines in New Mexico and Kentucky, and other mines in Canada and Brazil, as well as various undeveloped properties in the U.S., Chile, South Africa, and Indonesia.

BHP's strategy is to lessen its dependence on steel and steel-related areas

First-half advance at Toppan Printing

By Yoko Shibata in Tokyo

TOPPAN PRINTING, Japan's second largest printing company lifted unconsolidated pre-tax profits by 11.8 per cent to Y16.3bn ($70m) in the half year to November 30.

The improvement in earnings was attributed to brisk sales of precision electronic components, such as colour stripe filters for VTR cameras, LSI photomasks, and multilayer print circuit boards.

Net profits were 8.5 per cent higher at Y7.8bn on sales of Y264bn up by 11 per cent from the previous year. Profits per share were Y17.6, compared with Y17.51.

During the half year, sales in the securities products division rose by 8.1 per cent to account for 3.7 per cent of the total, thanks to the spread of cash cards to banks, credit companies, oil companies, and department stores.

Sales in the general products division accounting for 46.8 per cent of turnover increased by 14.3 per cent, *helped by growth* in advertisement printing and electronic precision components.

In the second half the company expects sales of precision electronics components to continue to increase by 20 to 30 per cent, thanks to rapidly expanding office automation equipment demand.

Full-year sales are expected to increase by 8 per cent to reach Y526bn. Net profits are seen as rising to Y16.2bn, up by 7.9 per cent.

The interim dividend is maintained at Y4.5 per share and an unchanged total of Y9 is forecast for the year.

Elders IXL to raise A$326m

BY OUR FINANCIAL STAFF

ELDERS IXL, the Australian pastoral and financial group, is seeking to raise up to A$326m (US$295m) from an issue of shares and options in order to *finance its proposed takeover of* Carlton and United Breweries (CUB).

Elders made its A$970m bid for CUB, the largest takeover move ever by one Australian company for another, in early December. In late December the company arranged a US$720m three-year loan on the Euromarket.

The share placements are due to start in February when Elders will issue 20m ordinary shares at A$4.20 each and 10m options to acquire *fully paid* ordinary shares until January 1 1987 at A$4.50 each.

Elders is also proposing a conditional issue of up to 55p shares at A$4.40 each as from April 18. This placement will be reduced dependnig on the number of acceptances by CUB shareholders of Elders' formal share and cash offer for the whole company.

Elders has further advised underwriters that it may make *a private convertible note issue* to raise up to A$200m. It has also informed brokers of its wish to cancel the shares held by CUB in Elders or to arrange for a distribution in specie of such shares once its takeover of the brewer is complete. At the time of the takeover CUB held 49.6 per cent of Elders.

Improvement at Reckitt and Colman Australia

BY OUR SYDNEY CORRESPONDENT

RECKITT and Colman Australia, the diversified food, household products, and services group which is 70 per cent owned by its UK parent, has reported a 41 per cent rise in net profits for the 12 months to October 31, to A$16.8m (U.S.$15.1m), on a *turnover of* A$270m, *up* 6.3 per cent.

At the pre-tax level, profit was 46.5 per cent ahead, at A$31.4m, producing consolidated operating profits of 28.7 cents a share. The final dividend is 8.5 cents a share, for a total of 16 cents per share, an increase in *distribution of 4.3 per cent.*

The company said the improved result in 1982/83 followed the disposal of unprofitable businesses. However, there were extraordinary losses of A$1.8m.

In 1981/82, net profits for the group fell by 32.5 per cent, to A$11.9m.

● LNC Industries, a major Australian motor vehicle importer, yesterday rejected Monday's A$104m (U.S.$93.6m) takeover offer of A$3.25 per share from the Melbourne-based Liberman family. In trading yesterday, LNC's share price touched A$3.65, though counter-bidders have not yet appeared. A full statement of LNC's earnings picture is expected shortly.

● Industrial Equity (IEL), the Sydney-based investment group master-minded by Mr Ron Brierley, has extended its shareholding in Tasmania's Cascade Brewery to 47 per cent, compared with the estimated 45 per cent controlled by two rival co-bidders, B. Seppelt and C-C Bottlers, of Adelaide. IEL is offering A$5.75 per Cascade share.

Grand Marine puts debt restructuring into effect

GRAND MARINE Holdings, a 65 per cent-owned subsidiary of *the failed Carrian Investments* Company has put into effect a debt restructuring plan with its lenders worked out last September, reports AP-DJ from Hong Kong.

The plan extends for 2½ years from last September 30. It provides for all of Grand Marine's *net earnings from ship charters* to go toward interest payments on loans. The earnings will not cover all interest payments or any principal payments, but the banks have apparently agreed to call in any loans.

"The agreement is a vote of confidence by the banks that the shipping market will improve," said Mr Aubrey Clark, the managing director of Grand Marine's operating units.

Trading in Grand Marine shares was suspended in January 1983, several months after Carrian ran into liquidity problems. Carrian was ordered into liquidation after a debt re-*structuring agreement with its* lenders fell through later in the year.

Grand Marine said it is reviewing its accounts for the 18 months ended June 30 and they will be released before the end *of February.* The company expects to seek a re-listing on stock exchanges soon afterwards

● Our Hong Kong correspondent adds that Goodyear Estates, the shares of which were suspended at the company's request on Monday, has *been advised to go into liquidation.*

Also yesterday Advance Finance, the deposit taking subsidiary of Goodyear, announced that its registration had been suspended and that it would cease operations immediately.

Goodyear turned in net profits of HK$43m (U.S.$5.5m) in 1981-82 but faced substantial deficits after revaluing its property assets following the collapse of the market. Attempts to raise some HK$100m from local business sources apparently failed last week.

INTERNATIONAL APPOINTMENTS

Landis & Gyr chairman designate

Dr Georg Krneta is to be nominated as a board member of LANDIS & GYR, at the company's annual meeting on March 3. It is intended that he should succeed Dr Andreas Brunner-Gyr as board chairman. At the same time, Mr Dieter Syz is to succeed Mr Gottfried Straub as management chairman.

● GENERAL ACCIDENT INSURANCE has made the following promotions:—Mr John J. DeStefano has been promoted to senior vice-president, claims; Mr Russell M. Waters has been named vice-president, investments; Mr Harry C. Niemann III has been promoted to vice-president, *personal property* underwriting; Ms Mary Beth Stumpo has been appointed assistant vice-president; and Mr Al G. Pomerantz has been promoted to assistant vice-president, information services division.

● Mr Gerald N. Parkes has been appointed a senior vice president and member of the board of RICHARD ELLIS, INC., international real estate consultants. He is based at the New York headquarters and is responsible for co-ordinating property acquisition efforts for institutional investor clients.

● Mr J. Ferderick Van Vranken, Jr, has joined the investment and research and management firm of SANFORD C. BERSTEIN & CO. INC. as senior vice president, syndicate and corporate services.

● FIRST BANK SYSTEM INC., has elected Mr William F. Farley executive vice president and chief financial officer. He was senior vice president of finance and chief financial officer for Alexander & Alexander Services Inc, New York.

● Mr G. Howell has been appointed to the board of SOUTH WALES ELECTRIC (PRIVATE) as chairman. South Wales Electric, a Hawker Siddeley company is based in *Zimbabwe* and manufactures transformers for transmission and distribution systems, high voltage distribution and power station switchgear and is also involved in the merchandising and servicing of electric motors and diesel engines.

● Mr John Brademas, president of New York University, has been redesignated chairman of the board of the FEDERAL RESERVE BANK OF NEW YORK and Mrs Gertrude G. Michelson, senior vice president R. H. Macy & Co, was re-appointed deputy chairman. The appointments are for one year.

● Mr Jacques Thaler, Mr Christian Aeschlimann and Mr Eduard Ballak have been appointed managers of SCHWEIZERISCHE REEDEREI UND NEPTUN, a Basle shipping company.

● THE SAUDI BASIC INDUSTRIES CORP (SABIC) has appointed Mr H. E. Abdulaziz A. Alzamil, formerly vice chairman and managing director of SABIC, to Minister of Industry and Electricity and chairman of the board of SABIC. Mr H. E. Ibrahim A. Ibn Salamah has been promoted to vice chairman and managing director of the corporation replacing Mr H. E. Abdulaziz A. Alzamil. He was director-general of planning and projects evaluation with SABIC.

● ISUZU MOTORS' vice president, Mr Kazuo Tobiyama, is to replace Mr Toshio Okamoto as its president. Mr Okamoto, 75, has decided to retire, but he will be an adviser to the company and will remain a member of the board.

● Mr Bryan J. Walsh is joining MORGAN STANLEY AND CO INC, New York, as vice president and treasurer. He comes from the Irving Trust Company where he was senior vice president in the foreign exchange and international funding division of the bank.

● Mr Thomas Wegscheider has been appointed chairman of the managing board of BANK FUER GEMEINWIRTSCHAFT, of West Germany. Mr Hans Joachim Knieps was named deputy chairman.

INTL. COMPANIES & FINANCE

Ford Motor kills two birds with one stone in Mexican outlay

BY WILLIAM CHISLETT IN MEXICO CITY

FORD MOTOR COMPANY'S decision to build a $500m export-orientated factory in Mexico kills two birds with one stone. It enables the company to meet the requirements imposed by the Mexican Government last September on the country's depressed motor industry and it enhances Ford's prospects in the battle for the U.S. small-car market.

The venture, believed to be the largest single investment in the Mexican motor industry, will be located at Hermosillo, which offers low-cost labour, less than 200 miles from the U.S. border. Production of 130,000 cars a year will begin at the end of 1986 and most will go to the U.S.

Ford, the third largest producer in Mexico, is secretive about the kind of car it will manufacture and in particular about the degree of Japanese participation, touching on a sensitive issue in the U.S.

Less than 48 hours after Ford announced the deal this month, Chrysler sought an injunction in the U.S. courts on anti-trust grounds against General Motors' proposed small-car venture with the Toyota Motor Company in California.

Mr O. B. Marx III, Ford's new managing director in Mexico, said the car would draw on Ford's "worldwide resources" and that the Japanese content would be "significant," particularly in the field of components. He declined to comment on widespread reports that the car will be designed by Toyo Kogyo, Ford's Japanese affiliate. "At this stage we do not want to give anything away to our competitors," he said.

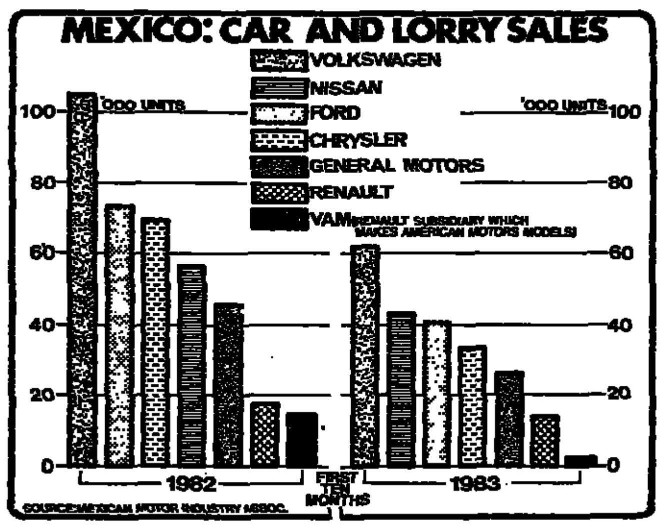
Ford owns 25 per cent of Toyo Kogyu, the maker of Mazda cars. Ford's approach seems to mirror its policy in the Pacific region. In Australia and Taiwan, for example, Ford sells the Toyo Kogyo GLC and 626 models as the Ford Laser and Telstar.

Ford's venture differs from the General Motors deal in that its Mexican plant is to be wholly owned and managed by the American company, whereas the General Motors-Toyota plant is to be managed by the Japanese, and jointly-owned.

Rising Federal fuel economy standards have triggered the battle for the U.S. small-car market. Compacts and sub-compacts currently account for almost two thirds of the total market, with imports, most of them Japanese, taking up 40 per cent.

The main factor, however, behind the Ford venture is that its new plant enables it to comply with the Mexican Government's regulations on streamlining the motor industry, and making it more competitive, and self-sufficient in foreign exchange.

The Government has decided to take a scalpel to the industry at the very moment it is in its most prolonged recession, because of the country's economic crisis. Car and lorry sales were down 43.4 per cent in the first 10 months of 1983, to 221,435.



The motor industry has long been a heavy drain on Mexico's balance of payments. In 1981 it accounted for 58 per cent of Mexico's trade deficit of $4.5bn.

Under the recent motor industry Decree, the seven manufacturers in Mexico will be able to make only one type of car and five versions of it after 1987, unless they export over half their output and are self-sufficient in foreign exchange. Mr Marx said Ford would be planning to produce more than one type, as its new plant would fulfil the conditions.

In 1981, at the height of Mexico's oil boom, the seven car manufacturers produced 19 model ranges with 47 variants, which worked out at an average 13,000 cars for each model, well below the 45,000 average produced in countries like Brazil. Some of the Mexican cars were as much as 100 per cent more expensive than their counterparts abroad. By reducing the number of lines and models, Mexico hopes to achieve a competitive position internationally for the first time.

The Decree prohibits the manufacture of eight-cylinder cars after November this year, impedes companies from running a foreign exchange deficit, and stipulates that by 1987 all cars manufactured in Mexico must have at least 60 per cent local content. The Government is also insisting that companies produce "austere" cars, meaning cars without such extras as air-conditioning, in respect of a fifth of their output this year.

Not only must Ford balance its foreign exchange account, but it also has a $500m foreign exchange obligation to clear.

This obligation was contracted in the boom years of 1980 and 1981 when Ford, along with other car companies, obtained permission to increase its imports of components over the then permitted levels in order to meet demand for cars.

In return for this, Ford agreed in 1981 to balance out the amount through increased exports over the three-years 1984 to 1986. Chrysler has a large similar obligation, and is studying ways to meet it.

Mr Marx says that failure to clear the obligation would mean the gradual squeezing of Ford out of Mexico, since imports would cease to be authorised.

The Government has agreed to extend the obligation period. The Hermosillo plant is planned to generate net foreign exchange earnings of $260m a year after 1986.

Meanwhile, Ford is taking advantage of the provision in the Decree which allows manufacturers in 1984 and 1985 to set off up to 20 per cent of their foreign exchange commitments against exports of non-automotive products. Ford is exporting lead oxide, zinc and honey, while Volkswagen is exporting coffee.

The new decree will entail a major shake-up of the motor industry. Other car producers are studying ways to comply with it. Renault, which is buying the Mexican Government's share in Renault de Mexico, to give the French group 92 per cent, and is also acquiring the Government's stake in VAM, the Mexican associate of American Motors, is to build an engine plant.

Most of the engines will be exported to American Motors in the U.S., in which Renault has a 46 per cent shareholding.

Now that Ford has resolved its car issue—and is running full-page advertisements proclaiming its "confidence" in Mexico's "promising" future—the company will turn its attention to the problem of what to do with its heavy lorry division here.

This division accounts for 15 per cent of Ford's business in normal times. The Government has ruled that only those companies with majority Mexican capital (the motor industry is majority foreign-owned) will be able to manufacture heavy diesel lorries after 1986. The government hopes this ruling will revive the fortunes of DINA, its ailing lorry concern.

Ford may withdraw from this sector, says Mr Marx, unless an alternative acceptable to both sides is found.

UK COMPANY NEWS

Guinness advances £8m to £58.8m

COMPARED with a restated £50.9m, taxable profits of brewer, Arthur Guinness and Sons moved ahead to £58.8m for the year ended September 30, 1983, after £23.4m at halfway, against £20.2m.

The directors say it is clear that for the first time in many years, the company can build for the future from a sound and rational base, and they are confident of consistent progress in the years ahead.

Year-end earnings per 25p share were 17.1p, compared with 12.9p, and a final distribution of 4.1p (3.65p) lifts the total dividend to 5.7555p (5.225p).

Following the group's rationalisation programme, turnover for the year has been cut from £1.04bn to £872.4m, but trading profits—after depreciation of £21.2m (£20.9m)—were slightly up at £61.7m, against £60.3m.

The pre-tax figure was after higher exceptional debits of £10.3m (£6.6m), lower finance charges of £8.4m (£16.3m) and included a better share of associate's profits of £15.8m (£13.5m).

The directors explain that the programme of divestment is almost complete after two years, during which the company sold or closed 150 companies for net proceeds of £40m.

This, together with a major programme to improve operating efficiencies throughout the group, has resulted in reduced borrowings from £81m to £45m, and interest from £14m to £8m.

The year's most visible marketing activity was the Guinness campaign in the UK, directors state, which was launched in January 1983. Results, they say, exceeded expectations.

In addition to brewing, Guinness has retained a small number of strong businesses that are capable of consistent performance and development.

Last year the group adopted co-terminous accounting dates for its principal subsidiaries. The 1982 comparatives exclude all results prior to October 1 1981 in order to arrive at a period comparable with 1983.

As at September 30 1982 provision was made for the cost of closure or disposal of non-brewing companies where a withdrawal decision had been made in principle. This provision was charged as an extraordinary item in the 1982 accounts and included estimated trading results to the date of disposal or closure of certain companies.

In 1983 the trading results to the date of disposal of these companies have been charged against the provision and not taken through the profit and loss account.

The directors say that in order to enable a fair comparison to be made between both years' results, the profit, and loss account for the comparable period in 1982 has been restated to exclude results of those businesses for which provision was made in 1982.

A breakdown of pre-tax profits, on a comparable basis, of £58.8m (£47.3m) shows: brewing £60.9m (£58.8m); non-brewing £3.1m (£4.8m) and businesses sold £1.3m (£4.7m debit); finance charges £6.5m (£11.6m).

A geographical breakdown of the same figures shows: UK £11m (£12.6m); Republic of Ireland £26.5m (£24.1m); overseas £27.8m (£22.2m); central finance charges £6.5m (£11.6m).

Tax charge for the year was the same at £20.7m, minorities took £7.9m (£7.5m), but extraordinary debits this time were much lower at £7m, compared with £48.7m.

Above the line the exceptional items consisted of brewing reorganisation costs £10.3m (£13.2m), less profits of £6.6m last time on the sale of investments and assets.

Extraordinary items for the year consist of: disposal and closure costs and provisions for future disposals of non-brewing activities £2.2m (£33.7m); net film income received £2.3m (£15m costs and provisions relating to film financing and distribution); cost of funding contracted but unfunded pension liabilities £7m (nil).

See Lex

HIGHLIGHTS

The new gilt-edged tap looks to be offered at a generous price and Lex considers that the issue may be sold out at a premium when it opens today, perhaps as much as a ½ point. The column also looks at the whys and wherefores of interest rates swaps now that Redland has extended the maturity of a substantial proportion of its debt schedule. Meantime, the industrial production figures highlight the gulf emerging between retail sales and the output of domestic consumer industries. MFI has pushed profits up by 38 per cent to £15.6m by virtue of better sales per employee and per square foot. And, also by a 30 per cent rise in turnover which, in the absence of price increases during the period, indicates a pure volume gain.

Casinos hoist Trident TV to £10.3m

SUBSTANTIALLY improved contributions from its four London casinos enabled Trident Television to push its pre-tax profits up by £5.94m to a record £10.29m over the 12 months ended September 30 1983.

Retiring chairman Mr Ward Thomas says the group is stronger financially than it has ever been and he is confident that it now has a strong base from which to achieve further growth.

Shareholders benefit from the improved results. A final dividend of 4p (3p) lifts their total payment by 1.24p to 5.5p net per 10p share.

Group turnover for the year totalled £30.63m (£57.44m) and at the trading level profits emerged at £6.09m, against £2.59m before adding in £2.19m (£677,000) investment income and interest and a £2m (£1.08m for nine months) share of associates' profits.

Turnover and trading profits were made up as to gaming £23.58m (£16.28m) and £5.45m (£400,000 loss) and other activities £7.05m (£8.27m) and £639,000 (£237,000 loss)—television contracting accounted for £32.9m and £3.22m in the comparable result.

The four London casinos represent the group's trading operation. During the year a VIP room was created at the Victoria which contributed to that club's "excellent" results.

The Clermont also had a good year and useful contributions were made by the two smaller London clubs, the Connoisseur and the Village.

Further development of the casinos is planned during the current year. The Connoisseur will move to a "much improved" location at the Royal Garden Hotel, Kensington, and substantial refurbishments are planned for both the Clermont and Victoria. Efforts are also being taken to reduce overheads.

Associate companies Yorkshire Television Holdings and Tyne Tees Television Holdings, in which Trident holds stakes of 30 per cent and 25 per cent respectively, had a good year. Advertising remained buoyant but Channel 4 remained a "burden."

The increase in net investment income reflected a strong cash flow from the gaming operations and the investment of the proceeds of the disposal programme. Other operations improved their contribution, largely as a result of the elimination of losses on the U.S. film business which was sold during the year.

At September 30 1983 group net tangible assets per share amounted to 49.6p of which 13p was cash. At end-December cash resources had increased to £12.5m (25.2p per share).

Earnings for the year rose by 6.4p to 10.2p per share. Tax took £5.24m (£2.47m) and extraordinary debits £314,000 (£1.42m).

Mr Ward Thomas says 1983 saw the consolidation of Trident's gaming activities and the disposal of its remaining peripheral interests.

● comment

Free from the previous year's heavy exceptional costs, Trident's gaming division is away from the starting blocks at last and has clocked up £5.5m on its first lap, slightly ahead of City expectations and providing the main thrust behind more than doubled group profits. Like other London casino operators, it has benefited from the weakness of sterling and the summer boom in the hotel trade. However, the biggest punters are more interested in security and the right ambience, to which end Trident will spend around £2.5m this year on its two largest casinos. Opportunities to spend the rest of its £12.5m cash balances are limited by the scarcity of London gaming clubs likely to come up for sale, so investment income must continue to bulk large. The Connoisseur Club's move upmarket to the Royal Garden Hotel plus a useful increase from the television stakes should lift 1984 profits to about £12.5m pre-tax. Undeterred by ironic laughter over Lonrho's Playboy licence, the shares rose 2p to 130p, where the prospective multiple is 10.

Cosalt decline continues as profits fall to £57,000

LOWER profits at Cosalt were principally caused by poor results from the caravan division and continuing problems in the system building subsidiary, which had two contracts in Algeria. Pre-tax profits fell from £254,000 to £57,000 on turnover of £43.14m against £37.11m for the year to August 28 1983.

Second half profits fell from £361,000 to £277,000.

Apart from maintenance commitments for which provisions have been made, the directors say that the Algerian contracts are now complete and the business was sold at the end of June.

The net final dividend has been cut by 1.75p to 0.25p, and is the only payment for the year. In the last full year a total of 3.5p was paid — the directors state that a major aim during the current year will be to restore this level of payment by increasing profitability and reducing borrowings.

Earnings per 25p share came through at 0.82p (losses 0.54p).

Profits of £32,000 against £562,000 from the caravan division were lower than for many years say the directors — an improvement in the weather came too late to stimulate demand. Refrigeration and air conditioning also had a poor result — losses of £88,000 were shown against previous profits of £30,000. However a profitable year is envisaged for this division.

Ships' chandlery improved profits from £1.15m to £1.48m, and this improved trend has continued since the year end. Finance and aviation profits fell from £231,000 to £122,000.

● comment

In a year in which Cosalt has struggled to stay in the black, its share price has risen from around 30p last January to end yesterday at 52p, down 3p, as investors have speculated on a management turnround. Loss elimination from the disposal of the disastrous system building venture means some profits improvement is all but inevitable. Meanwhile, the caravan business has been rejigged to achieve higher margins on lower capacity and the core chandlery business is seeing a steady increase in volumes which is coming straight through to the bottom line because of its relatively high fixed labour costs. All this points to a full-year outturn of £700,000 pre-tax. But beyond that, there are no significant plans to diversify, and even if there were, the directors would be hampered by over 80 per cent gearing. So a prospective multiple of over 16.5 looks rather demanding, even though the directors are pinning their colours on a speedy return to the former dividend levels which made Cosalt an attractive income stock.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Centrovincial	int	3	April 25	3.5	—	5
Countryside Props		2.94	—	2.7	4.82	4.24
Cosalt		0.25	Mar 1	2	0.25	3.5
Group Investors	int	1.2	April 4	1.1	—	3.4
A. Guinness		4.1	—	3.65	5.76	5.23
Lincroft Kilgour		2	April 11	2	3	2
MFI	int	1.7†	April 3	1.4	—	3.7
Trident TV		4	April 2	3	5.5	4.26
Tunstall Telecom‡		0.28	—	—	0.28	—
David S. Smith	int	1	Feb 24	2.5	—	3.5
Western Board	int	2	Mar 9	2	—	7.3
Westpool Inv	int	0.34	Mar 9	0.34	—	1.24
Woodchester In 2nd int¶		3‖	Feb 7	2.7	5	2.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted companies. ¶ Irish pence. ‖ In lieu of final.

Anglo United seeks full listing

BY ALISON HOGAN

COAL MAY not be the first mineral that springs to mind as the maker of fortunes, but Mr David McErlain at the youthful age of 36 looks poised to achieve just that—for the second time.

He is president of Anglo United Developmen tCorporation which yesterday produced its first pre-tax profit of U.S.$3.77m (£2.65m) for the year to October 1983 on turnover of $10.61m. Anglo United is quoted on the Toronto Stock Exchange and dealings are permitted under Rule 163(4) (a) on the London Stock Exchange. Now the company is planning to seek a full listing in London.

Mr McErlain first entered opencast mining in 1975 when he set up McErlain Plant and acquired a number of sites for mining. In August 1981, he sold his company to Burnett & Hallamshire Holdings for £12m. He retained a few sites which formed the basis of Coal Contractors.

In May 1983 coal contractors was injected into Anglo United, a pure mineral exploration company for 32.39m shares at C$0.70 each.

The main activities are now mining and coal trading, although some of the exploration projects will continue, particularly in Ireland.

Gold has already been discovered at Clontibret and further exploration is proceeding, which, if it proves positive, will probably result in a joint venture between Anglo United and a major mining company to exploit it.

The exploration business will add a gloss to Anglo United when it starts dealing on the London Stock Exchange. It also makes the company harder to value. But even without the exploration side, Mr McErlain says prospects look good.

Anglo United owns probably the largest reserves of private coal in the UK after Burnett and Hallamshire, according to the company. Coal Contractors, contributed almost al the profits this year, is expected to virtually double profits for the group while adding only 25 per cent to the issued share capital.

Redland seals interest rate agreements

Since May 1983 Redland has concluded a number of interest rate exchange agreements. Interest obligations on a total of $63m were exchanged. Redland will, for an average period of eight years, make fixed annual interest payments, and will, in return, receive interest at "Libor." The fixed interest costs average 11½ per cent

Since Redland is able to borrow from normal banking sources at rates at or close to "Libor," the effect of these interest rate exchanges is to fix the interest cost at 11½ per cent for eight years on $63m.

As a result of these transactions, over 75 per cent of Redland's borrowings are now on a fixed rate basis compared to 30 per cent at March 1983. Any rise in interest rates is likely to have an adverse effect on new construction markets.

See Lex

Low & Bonar preparing North American expansion

BY ALISON HOGAN

Low & Bonar, the packaging, textile engineering and travel group, is to expand its North American packaging operations. It will issue new shares, for cash, in its wholly-owned subsidiary Bonar Inc which will be quoted on the Toronto Stock Exchange.

The new equity which could raise over C$10m (£5.66m) will represent no more than 35 per cent of the enlarged issued share capital. The funding will be used to reduce long term borrowings of C$11m and facilitate the expansion of the company through acquisition, probably in the U.S.

Bonar Inc. made pre-tax profits of £3.5m in the year to November 30 1983 compared with £656,000, benefiting from the integration of the U.S. packaging company Bemis into the group, and a reduction in interest rates.

An EGM will be held on February 2 1984 to seek shareholder approval for the public issue. Dominion Securities Ames is the broker to the issue and Robert Fleming, merchant bank, is the adviser.

The shares responded enthusiastically to the news yesterday rising 12p to 162p.

Amatil progress

For the year ended October 31 1983 Amatil, an Australian quoted subsidiary of BAT Industries, is raising its dividend by one cent to 21 cents, with a final of 11 cents.

Turnover for the year rose from A$1.46bn to $1.62bn, and the operating profit from $78.6m to $87.92m, before tax, minorities and extraordinary items. The attributable profit fell to $34.37m ($47.14m).

Grosvenor to join USM

Grosvenor Square Properties Group is joining the Unlisted Securities Market by way of a placing of 1.65m shares of 10p each at 91p per share.

The company is issuing 731,950 new shares and the directors are selling 918,050 shares, which together represent 27.5 per cent of the enlarged equity.

At the placing price, Grosvenor is capitalised at £5.46m and the issue will raise £441,000 net of expenses for the company. It will use the proceeds, along with £250,000 to be raised from asset sales, for site acquisition and development.

The issuing house is Charterhouse Japhet and brokers to the company are Phillips and Drew.

Susan Reynolds in receivership

Susan Reynolds Discount Bookshops has gone into receivership. The company, which is headed by Mr Michael Reynolds and has 15 shops, will be managed by the joint receivers, Mr Keith Goodman and Mr Philip Monjack, of chartered accountants Leonard Curtis and Co, until a suitable purchaser is found.

Good December quarter at Johnnies gold mines

BY GEORGE MILLING-STANLEY

THE SOUTH AFRICAN gold mines in the Johannesburg Consolidated Investment ("Johnnies") stable have concentrated a great deal of attention on improving operating efficiencies in the December quarter, and this is reflected in the figures.

Beyond that, the group's centralised gold and currency dealing department has scored some spectacular successes in the futures markets, enabling the two mines to report doubled profits in the latest period.

South Africa's mines were given permission to sell their production forward some time ago, and Western Areas has successfully reduced its vulnerability to a falling gold price while the development work vital for the mine's future is carried out.

In addition, the mines are now allowed to receive payment in dollars, and to hold the U.S. currency for up to seven days before converting it into rands.

Western Areas has used both of these factors to advantage, and now reports an average gold price received, including the effects of hedging transactions in gold and currencies, of R16,721 per kilograme, well in excess of any of the other mines in the past three months.

Randfontein Estates had no need to hedge its gold production, but even here astute use of the currency markets helped the mine to average a gold price of R15,001 per kilogramme, around R500 better than the other mines which have reported so far.

With a higher milling rate, an unchanged gold grade and a small reduction in working costs, Randfontein turned in a respectable improvement in operating profits.

This, allied to a sharply lower tax charge consequent on the jump in capital expenditure, left the mine with net profits of R86.3m (£49m), compared with the September quarter's R41.41m.

Capital spending rose from R10.87m to R82.31m, with R31m of this going towards the development of the new Doornkop section.

Western Areas also increased its milling rate and maintained its gold grade, leading to lower costs. Capital spending of R15.75m, up from R5.17m, gave rise to a tax credit of R1.76m, against a charge last time of R1.78m.

The latest figures are compared in the accompanying table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Randfontein	86,280	41,413	50,197
Western Areas ...	25,290	12,903	10,408

The gold mines in the Anglovaal group, by contrast, had a rather disappointing quarter, with group profits down from R44.38m to R35.88m. Only the small sand retreatment operation Village Main managed to increase its profit for the quarter, with R191,000 against R187,000.

One feature of the Anglovaal quarterlies was a fall in gold grade at all the mines. The marginal Loraine recorded the biggest decline, from 5.7 grammes per tonne to 5 grammes, largely because underground problems meant that the mill feed had to be augmented from low-grade surface sources.

Loraine has applied for state aid to the tune of R2.64m, as there has yet been no amendment to the 1968 Gold Mines Assistance Act, under which qualifying mines receive financial help from the government at times of low gold prices.

The authorities announced last year that they planned to phase out the scheme by the middle of this year, but little has been heard of this proposal since last year's budget speech.

Loraine incurred a working los of R1.05m, against a profit R4.53m.

The latest figures are compared in the accompanying table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Hartebeestfontein	29,063	35,461	37,859
Loraine	*1,773	†3,685	3,487
Cnsd Murchison	1,907	1,460	1,544
Prieska	4,434	5,907	3,311
East Transvaal ...	4,856	5,069	5,877
Village Main	191	187	299

*After receipt of State assistance. † Restated.

Anglovaal's base metal producers both did quite well at the operating level. Higher sales of antimony and gold boosted profits at Consolidated Murchison, while Prieska produced more copper and zinc and benefitted from the improved trend in prices.

The latter operation is, however, now liable for tax, having exhausted its assessed losses in the September quarter. The charge was R3.73m, compared with R177,000 last time, leaving net profits down by about a quarter.

Consolidated Murchison also reported on its full-year results along with the quarterly. These showed a 402 per cent increase in net profits to R5.91m, largely because of the improvement in the antimony market.

MIM rails coal from Newlands

THE FIRST coal has been railed from the Newlands open-cut mine in Queensland of MIM Holdings to the port at Abbot Point.

Newlands is part of the Australian group's A$800m (£510m) coal expansion programme which also includes major extensions of the Collinsville coal mine, construction of Abbot Point, the rail line and the town of Glenden.

The first trainload from Newlands was 3,800 tonnes of unwashed steaming coal, part of a total consignment of 32,000 tonnes of bedding coal required to provide a base from which the port coal reclaimers will load future consignments of export coal.

Some 19,000 tonnes of bedding coal for the port will come from Newlands and the balance from Collinsville. It is expected to complete the despatch of the bedding coal by the end of this month and to start railing washed coal early in February.

Another coal first is reported from Canada where Teck Corporation's 51 per cent-owned C$300m (£170m) Bullmoose mine in British Columbia is making its initial shipments of metallurgical coal to Japanese buyers.

The first load of 59,000 tonnes has now left the new port of Ridley Island. Further shipments will raise the total for this month to 151,000 tonnes.

The other partners in Bullmoose are the Rio Tinto-Zinc group's Lornex Mining (39 per cent) and Japan's Nissho Iwai (10 per cent).

FMC makes another gold find in Nevada

THE U.S. FMC Corporation says that it has discovered "significant" gold and silver deposits near Gabbs, Nevada. The estimated reserves are put at over 1m oz gold and 30m oz silver. Of 77 test holes drilled, 46 have given gold values averaging 0.14 oz (4.35g) per ton and silver values averaging 4.7 oz.

The deposit, at Paradise Park, is stated to be shallow and thus mineable by low-cost open-pit methods. Final decisions on taking it to production could come in late 1984, allowing construction to start a year later.

This will be the second major discovery of precious metals made by FMC. In 1973 gold was found at Jerritt Canyon, near Elko, Nevada and FMC entered into a joint venture with Freeport McMoRan (70 per cent).

The gold mine and mill at Jerritt Canyon completed its first full year of operations in 1982. It then became the largest gold producer in North America with an output near design capacity of 200,000 oz.

Proven and probable ore reserves at the beginning of 1983 were put at 11.6m tons grading 0.23 oz gold per ton, sufficient for over 11 years' operations.

Hanna in $55m deal with Alcoa

AMERICA's Hanna Mining has agreed to sell its minority interest in the Brazilian Alcoa Aluminio to Aluminium Company of America (Alcoa) for $55m (£38.7m). The agreement calls for an initial cash payment of $35m with the remaining $20m to be paid to Hanna over a four-year period.

Tunstall beats USM forecast by 15.8%

WITH A BUOYANT market, Tunstall Telecom Group has exceeded last June's USM prospectus profits forecast by 15.8 per cent.

Mr Michael Dawson, chairman, states that the higher full year profits of £1.39m, against £478,000, were due to a more than anticipated increase in turnover. He adds that further significant growth in turnover is supported by excellent results in the first quarter of the current year.

Turnover for the year to September 30, 1983 expanded from £3.95m to £6.89m, from which an operating profit of £1.36m (£524,000) was made. The taxable result included interest receivable of £83,000 (£10,000), and was after interest payable of £56,000 (same).

As forecast, the final dividend payment is 0.28p net per 5p share.

Tunstall is the leading UK manufacturer and supplier of elderly persons emergency communications equipment.

The company's order book is strong, and is expected to show a satisfactory increase. The chairman says that demand for access control systems is also encouraging, and adds that orders to date are already in excess of the previous year.

Factory floor area is currently being doubled, and the company's new extension is on schedule for completion in April.

The company is also in the process of upgrading its electronic assembly, flow soldering and quality assurance capabilities, and will shortly introduce the first phase of automation in the assembly shops.

It is continuing its policy of retaining all the major functions in-house to maintain maximum profitability, flexibility and technilogical experience. Several new products will become available from its development programme this year for application in both traditional and alternative markets.

Field service capabilities are also being upgraded.

MFI up 38% at halfway —dividend raised to 1.7p

AN INCREASE in pre-tax profits of 38 per cent lifted MFI Furniture Group's results from a restated £11.32m to £15.63m for the six months to November 26 1983.

On the strength of this improvement, the interim dividend is raised from 1.4p per 10p share to 1.7p, last year's final being 2.3p.

Earnings per share were 5.06p, against 3.54p, at halfway.

Mr A. C. Southon, chairman, says that turnover in the first half—up 30 per cent at £136.2m compared with £105.01m—continued the strong upward trend experienced last year.

He adds that since the end of the first half trading has been satisfactorily up on the "very buoyant" figures of the previous year. The initial weeks of the New Year sale have given promise of another successful year.

Trading margins remain similar although, Mr Southon says, increased volume in the first half enabled net profit margins to improve from 10.8 per cent to 11.5 per cent.

Tax charge was £6.6m (£5.2m) and after dividends, £3.35m (£2.41m), the amount retained was £5.69m (£3.72m).

During the six months, the group opened seven new branches, four of which were moving from smaller premises. The company extended three and closed four.

Since November, two branches have been opened and one extended.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allied Colloids, Sidney C. Banks, Dowty, Fleming Technology Investment Trust, A. and J. Golfer.

Finals:— Anglia Television, Bett Brothers, Goring Kerr, Hawtin, Tace, Tate and Lyle.

FUTURE DATES

Interims:—	
Allen (W. G.) (Tipton)	Jan 27
Bevan (D. F.)	Jan 26
Brown (John)	Jan 31
Davy Corporation	Jan 20
Gomme	Jan 24
Gresham House	Jan 20
Sommerville (William)	Jan 20
Finals:—	
Canadian Pacific Enterprises ...	Feb 13
Derby Trust	Jan 26
Hayters	Jan 27
Hill and Smith	Jan 26
Ladies Pride	Feb 21
Laing Properties	Mar 20

Reorganisation leaves David S. Smith in loss

STRUCK after reorganisation costs of £227,000, photolitho printed packaging material manufacturer David S. Smith (Holdings) suffered taxable losses of £152,000 for the six months ended October 31 1983, compared with profits of £210,000. Sales fell from £2.89m to £2.45m.

The interim dividend has been cut to 1p (2.5p) net per share—last year's final was 1p and following second half losses the 1982/83 pre-tax balance was £120,000.

In order to restore the company's profitability, directors have moved the executive, commercial and accounting functions to the works in Neath. This has enabled Smith to restructure the management as a result of which several employees have left, including W. H. Burdett, the works director.

The directors say that over recent months particular attention has been given to establish better communication and understanding with employees. The board is working closely with them in order to achieve a number of further economies which will enable the company to be more competitive and recapture lost work.

Benefits from these measures together with the extra sales effort have started to show results in the second half and directors are confident that this improving trend will continue.

There was a trading surplus for the six months of £35,000 (£125,000) and the pre-tax figure was after the exceptional debits, £227,000 (nil), but included interest received of £40,000 (£85,000).

A tax credit of £65,000 (£90,000 charge) reduced the loss to £87,000 (profit £120,000).

Property sales boost Parkdale's interim result

Parkdale Holdings of Leeds has more than doubled its pre-tax interim profit from £62,419 to £148,530 in the six months to October 31 1983. The result was boosted by £67,816 from the disposal of trading properties.

Rent reviews on Kerry House, Leeds, which was acquired last year for £354,683 and refurbished, have increased rental income by £4,305 to £49,728.

The financial services division, which contributed £31,436 (£16,996) to the half-year results, is continuing to expand. A jointly-owned unit trust management group is being set up to broaden the division's client base and its range of services.

Group turnover in the opening half improved from £370,122 to £505,626. Tax was higher at £48,000 (£25,000), and earnings per 10p share were 1.25p.

ANNUAL MEETINGS

Burton Group sales 35% ahead

SALES so far this year at Burton Group were running 35 per cent ahead of the same time last year, Mr Ralph Halpern, the chairman, told members at the AGM. He said that 300,000 sq ft of trading space are expected to be added this year, twice the amount in 1983 — capital expenditure is likely to exceed £50m this year.

Good progress is being made towards meeting the group's objective of increasing its share of the UK clothing market—currently almost 5 per cent.

In the last full year, pre-tax profits grew from £24.31m to £39.12m on turnover of £299.17m (£231.94m).

A "significant reduction" in profits for the first six months to February 1984 was expected at Adam Leisure Group, Mr C. A. Rycroft, chairman, told the annual meeting.

Bad publicity surrounding the video game industry had led to a substantial decrease in sales of Imagic video games. Although sales of this group which makes electronic goods and toys were on budget for the first two months of its year, expectations for a satisfactory Christmas period did not materialise.

The group had decided to reduce its activity in video games.

However, Mr Rycroft said he had seen a brighter note at the recent Harrogate Toy Fair where a new line-up of Grandstand electronics games by Adam Imports was received with enthusiasm, as was a newly structured range of toys by Hales.

He was also encouraged by excellent prospects for the introduction of the new Gavilan mobile computer scheduled for the end of the first quarter of 1984, and he felt confident of the group's future growth.

In the last full year, pre-tax profits of this company, which trades its shares on the Unlisted Securities Market, amounted to £3.03m, on sales of £20.68m.

UK COMPANY NEWS

'Slight but steady' increase at Electronic Machine

ALTHOUGH only just above breakeven at the pre-tax level, the final five month result from **Electronic Machine** shows a "slight but steady improvement," the directors state.

After falling £45,000 into the red *in the opening six months,* the group recorded profits of £22,700 and £24,502 in the next six and five month periods respectively for an overall 17-month profit of £2,202.

Turnover for the extended financial year-end to September 30 1983 was £2.62m and compares with £2.22m in the 12 months to April 30 1982, when a profit of £89,743 was earned.

The group is engaged in the manufacture of optical components and systems, precision engineering, radar and electronic devices.

Positive progress has been *made in a number of areas,* notably at Ellis and Davin Optical.

The directors point out the *cost of reorganising Ellis, though* heavy, has been borne without overall detriment to group's liquidity, which continues to improve.

Since the end of the period, Davin has signed an overseas marketing agreement for night vision devices with a division of the Schlumberger group, which the company expects to be of significant benefit in the medium term. Davin's growth potential "is considerable," they state.

Both Davin and A. P. T. Radar have made a promising start to the current year, but Britannia Tools precision engineering activities are still experiencing poor trading conditions.

The directors say that while it is too early to predict results for 1983-84, they continue to *have confidence in the group's* future prosperity.

The provisions of the 1980 companies Act preclude it from *considering dividends* while there is an accumulated deficit on reserves, and therefore it is now intended to put forward proposals for a capital reconstruction scheme to eliminate the deficit. *Details will be issued with the* accounts, the directors say.

There was a tax credit of £22,011 for the 17 months, against a debit of £36,414 for the previous 12 months, giving a net *surplus of £24,213 (£53,329),* equal to earnings per 25p share of 0.99p (2.18p).

However, the company was dragged back into the red by an extraordinary debit this time of *£143,621. Some £21,551 of the* debit was attributable to the defence of the takeover move by Luxembourg-based International Communications Technology. Reorganisation and *factory closures accounted for* £154,936, and there was a tax credit of £32,866.

Western Board Mills advances to £948,000

Taxable profits of **Western Board Mills** for the six months to September 30 1983 improved from £882,000 to £948,000. Similar results had been expected.

Included were lower profits on sale of investments, at £92,000 against £107,000. Turnover was £2.01m (£1.85m), tax took £445,000 (£435,000), and earnings per share were 9.5p (8.5p). The interim dividend is unchanged at 2p net per 10p share.

The directors of this mill and fibre board maker say that, after *two months* of training in the second half, profits—excluding those from sale of investments—compared favourably with the corresponding period. They expect last year's profits of £1.61m, excluding investment sales, to be overtaken if that pace is maintained.

Lincroft Kilgour expands to £0.7m

FOLLOWING A turnround from *losses of £56,000 to profits of* £293,000 in the cloth merchant division at the **Lincroft Kilgour Group**, pre-tax profits expanded sharply from £250,000 to £695,000 for the year to the end of *September 1983.*

Turnover of this cloth merchant and menswear manufacturer slipped from £7.75m to £7.33m.

A maintained final net dividend of 2p raises the *total from* 2p to 3p—in the previous year the interim was passed. Earnings per 10p share for the year moved ahead from 3.25p to 10.05p.

The directors point out that, as *previously announced, they* did not secure renewal of the transport authority uniform contract. The contract contributed £186,020 to 1982-83 profits and seems likely to contribute a further £70,000 this year for the period to completion.

They say that the investment portfolio has been built up steadily during the year. At the end of last September investments at net book value amounted to £1.54m (£869,067) and additionally £1.07m (£575,954) in cash was held on deposit.

Profits were struck after redundancy and closure costs of £111,963 (£204,207).

A divisional analysis of pre-tax profits shows: uniform manufacturing £186,000 (£139,000); bespoke tailoring £84,000 (£92,000); cloth merchants £293,000 (loss £56,000); investment income £166,000 (£149,000). Holding company overheads of £34,000 (£74,000) were deducted.

Pre-tax profits were struck after administration and distribution expenses of £2.84m (£3.27m), but included investment income of £166,000 (£149,000) and other operating income of £175,000 (£191,000).

Countryside Properties maintains growth

FOR THE third successive year **Countryside Properties** has increased profits and prospects are "most encouraging," the directors state.

Taxable profits of £1.84m, up from £1.76m, were achieved with the best-ever results from housebuilding, although turnover and profits from commercial property were "well down" on last year.

Overall, group turnover for the 12 months to September 30 1983 rose from £15.24m to £20.11m. Administration expenses took £1.09m (£917,000), and share of related company profits added £20,000 (£3,000) to the taxable result.

A further period of growth is anticipated with forward sales of the company's new housing and commercial properties standing at record levels.

The final dividend, as was the interim, is being lifted by 9 per cent from 2.695p to 2.94p and gives a total of 4.62p compared with 4.235p.

Earnings per 25p share are stated as 28.6p (27.6p) after tax of £119,000 (£110,000).

The value of properties held by the related company, Countryside Investments, had increased to £4.4m at the year end.

Continental & Indstl.

At end-November, 1983 net asset value per 25p share of the Continental & Industrial Trust, investment trust, totalled 580.3p prior charges at par, which compares with 441.7p at November 30, 1982.

Earnings for the six months to *November 30 last* expanded from 6.54p to 7.68p. Profit for the period amounted to £1.32m (£1.13m) after tax of £868,000 (£820,000). An interim dividend of 5p net (4p) has already been announced—payment will be on February 1.

Total revenue moved ahead to £2.43m (£2.16m) before expenses and interest of £241,000 (£211,000).

Centrovincial ahead

Compared with £1.22m last time, which included dealing profits of £248,000, *pre-tax* revenue of Centrovincial Estates, property investment and development company, amounted to £1.5m for the half year ended September 30 1983.

The interim dividend is increased from 2.5p to 3p net per 20p share—last year's final was 2.5p and taxable revenue was £2.66m.

Interest payable, net of receipts, was £730,000 (£992,000) and revenue was subject to tax up from £350,000 to £598,000.

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is unchanged from last week at 9.75 per cent and compares with 9⅞ a year ago. *The bonds are issued at par and* are redeemable on January 23 1985. A full list of issues will be published in tomorrow's paper.

Armour Trust

Armour Trust, industrial holding company with interests in confectionery manufacture, lifted its pre-tax profits by £40,000 to £121,000 over the six months ended October 31 1983. Turnover for the period was little changed at £4.46m, compared with £4.58m.

The Carter Penguin Group subsidiary traded well. Sales have started strongly in second half and in certain areas the company has been unable to satisfy demand.

In order to expand the capacity at Bonds of London (Carter Penguin's major trading subsidiary) negotiations are at an advanced stage to purchase a long leasehold interest in a 40,000 sq ft factory at Leyton, *close to Bonds' existing location.*

The deal will double Bonds' production capacity—finance was arranged by means of a medium-term mortgage.

The group results do not include figures for Microsell in which Armour has a 22 per cent interest. This investment was only made during October 1983. Microsell's initial sales are "encouraging" although the company is not expected to make any contribution to group profits in this financial year.

Westpool Inv.

Pre-tax profits of **Westpool Investment Trust**, investment holding company, were little changed at £1.19m, compared with £1.14m, for the opening six months to October 31 1983 and the net interim dividend is held at 0.344p per 25p share.

The profits included a dividend from London Merchant Securities of £1.2m (£998,000), other UK investment income of £48,000 (£40,000), overseas investment income of £72,000 (£50,000), interest received of £186,000 (£132,000) and underwriting income of £13,000 (£1,000). Deductions included *administration* expenses of £60,000 (£43,000) and interest charges of £273,000 (£36,000).

Pre-tax profits of LMS attributable to the group amounted to £1.36m; after tax the figure was £652,000. The group's share of LMS interim dividend was £690,123, including the associated tax credit. This dividend will be reflected in the full year result.

Group tax for the first half took £345,000 (£354,000) and earnings emerged at 0.86p (0.8p) per share.

Lake & Elliot

The annual meeting of Lake and Elliot is scheduled for 2.30 pm next Friday, January 20, at the Sports and Social Club, East Street, Braintree, Essex. The date and venue shown in Monday's Financial Diary were in error.

Johannesburg Consolidated Investments Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st DECEMBER 1983 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued capital: R12 227 106
(Divided into 6 113 553 shares of R2 each)

OPERATING RESULTS *(Unaudited)*	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Gold			
Ore milled—tons	1 543 000	1 530 000	5 928 000
Kilograms produced	7 714	7 650	29 639
Yield—grams per ton	5,0	5,0	5,0
Revenue—per ton milled	R78,70	R75,14	R77,26
Working cost—per ton milled	R27,80	R28,27	R28,56
Profit—per ton milled	R50,90	R46,87	R48,70
Uranium			
Tons treated	892 000	879 000	3 290 000
Kilograms produced	127 315	122 677	491 067
Yield—kilograms per ton	0,14	0,14	0,15

FINANCIAL RESULTS (R000) *(Unaudited)*	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Revenue from gold	121 434	114 967	457 991
Working costs	42 895	43 257	169 288
Profit from gold	78 539	71 710	288 703
Profit from uranium	3 662	3 710	14 475
Net sundry revenue	1 148	707	2 932
Operating profit	83 349	76 127	306 110
Net interest receivable	4 812	5 223	18 503
Profit before tax and State's share	88 161	81 350	324 613
Tax and State's share	1 881	39 937	101 372
Profit after tax and State's share	86 280	41 413	223 241
Capital expenditure	82 313	10 868	137 998
Dividends declared	48 909	—	73 363

Notes:
1. Gold price received: Rand per kg 15 001   14 866   15 301
2. Profit from gold, the reported gold price and profit from uranium include profits and/or losses associated with gold and/or currency hedging transactions.

DEVELOPMENT	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Metres advanced			
Cooke No. 1 Shaft	3 993	4 102	15 807
Cooke No. 2 Shaft	6 294	6 089	25 427
Cooke No. 3 Shaft	4 271	3 325	16 002
Randfontein Section:			
Main Reef horizons	Nil	171	1 126

SAMPLING RESULTS

The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

COOKE SECTION

	Quarter ended 31.12.83 — Shafts No. 1	No. 2	No. 3	Total	Quarter ended 30.9.83 — Shafts No. 1	No. 2	No. 3	Total
UE1a REEF								
Sampled—m	342	1 320	1 338	3 000	408	1 377	945	2 730
Channel width—cm	171	115	162	143	180	132	164	150
Average value:								
Gold—g/t	6,2	11,0	4,2	6,9	4,4	13,5	4,2	8,4
—cm-g/t	1 060	1 265	680	987	792	1 782	689	1 260
Uranium—kg/t	0,11	0,35	0,38	0,33	0,11	0,33	0,34	0,29
—cm-kg/t	18,81	40,25	61,56	47,19	19,80	43,56	55,76	43,50
E8 REEF								
Sampled—m	231	171	—	402	318	147	—	465
Channel width—cm	153	218	—	181	140	190	—	156
Average value:								
Gold—g/t	3,3	2,8	—	3,0	3,3	5,3	—	4,1
—cm-g/t	505	610	—	543	462	1 007	—	640
Uranium—kg/t	0,09	0,25	—	0,17	0,08	0,20	—	0,13
—cm-kg/t	13,77	54,50	—	30,77	11,20	38,00	—	20,28

RANDFONTEIN SECTION	Quarter ended 31.12.83	Quarter ended 30.9.83
MAIN REEFS		
Sampled—m	—	135
Channel width—cm	—	41
Gold: Average value—g/t	—	8,5
—cm-g/t	—	349

ORE RESERVES AT 30th SEPTEMBER

Cooke Section	No. 1 Shaft 1983	1982	No. 2 Shaft 1983	1982	No. 3 Shaft 1983	1982	Total 1983	1982
Tons—000's	3 261	3 608	4 181	3 082	1 841	116	9 283	6 806
Stope width—cm	*134*	*137*	*141*	*132*	*175*	*163*	*144*	*136*
Average value:								
Gold—g/t	9,6	10,1	10,2	11,6	7,2	9,3	9,4	10,8
cm—g/t	1 286	1 384	1 438	1 531	1 260	1 516	1 354	1 460
Uranium—kg/t	0,16	0,18	0,32	0,34	0,47	0,37	0,29	0,26
—cm-kg/t	21,44	24,66	45,12	45,14	82,25	60,31	41,76	35,36

Notes:
1. The 1983 ore reserves are related to pay limits calculated on the basis of a gold market price of R15 000 per kilogram (1982: R13 000 per kg) and certain assumptions regarding the uranium price.
2. At Randfontein Section additional underground reserves are available on *the Bird Reef (gold and uranium) but as it is not intended that these be* mined in the foreseeable future, they have been excluded. A limited number of small isolated blocks on the Leader and West reef horizons have also not been taken into account.

COMPARATIVE ORE RESERVES AT VARIOUS GOLD PRICES

Gold market price R/kg	Tons 000's	Average value Gold g/t	Uranium kg/t
13000	8 346	10,2	0,30
15000	9 283	9,4	0,29
17000	10 071	8,8	0,29

COOKE NO. 3 SHAFT

Equipping of the shaft and stations, and the change-over of the headgear were *completed ahead of schedule and the shaft was commissioned on 28 October* 1983. Stoping operations have commenced and are building up according to plan.

DOORNKOP SECTION

The establishment of the services required for sinking the ventilation shaft are complete. Pre-sink has commenced and the shaft has reached a depth of 18 metres below surface. Installation of the winders and construction of the permanent headgear is in progress and on schedule.
Construction of the 100 000 ton per month gold plant will commence shortly.

PRODUCTION

GOLD
Underground ore was supplemented by 545 000 tons (598 000 tons) from old surface tailings and rock dumps.

URANIUM
Tonnage treated increased by 13 000 tons to 892 000 tons. Yield was maintained at 0,14 kilograms per ton.

COOKE PLANT

Extensions to the uranium section are progressing with a consequent increase in throughput.

CAPITAL EXPENDITURE	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Net expenditure, mining assets (R000)	82 477	10 883	137 751
—other assets (R000)	(164)	(15)	247
Capital commitments at end of period (R000)	19 824	11 379	19 824

An amount of R127,4 million in respect of the mining title in the Doornkop Section, which was acquired in exchange for the 700 000 shares issued on 22 September 1983, has not been included in the above expenditure.

LONG-TERM LOANS	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Balance at end of period (R000)	79 772	75 764	79 772
Interest paid during the period (R000)	82	87	357
Repayments due within one year (R000)	13 109	11 965	13 109

DIVIDEND

Dividend No. 97 of 800 cents per share was declared on 19 December 1983, payable to members registered at the close of business on Friday, 27 January 1984. Dividend warrants will be posted to shareholders on 2 March 1984.

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX   *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Issued capital: R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS *(Unaudited)*	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Gold			
Ore milled—tons	935 000	917 000	3 776 000
Kilograms produced	4 488	4 402	18 125
Yield—grams per ton	4,8	4,8	4,8
Revenue—per ton milled	R80,45	R72,52	R71,27
Working cost—per ton milled	R60,15	R61,45	R58,60
Profit—per ton milled	R20,30	R11,07	R12,67
Uranium			
Tons treated	151 000	161 000	614 000
Kilograms produced	74 234	76 998	282 465
Yield—kilograms per ton	0,49	0,48	0,46

FINANCIAL RESULTS (R000) *(Unaudited)*	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Revenue from gold	75 217	66 505	269 097
Working costs	56 241	56 348	221 262
Profit from gold	18 976	10 157	47 845
Profit from uranium	1 716	1 579	7 152
Net sundry revenue	295	585	1 899
Operating profit	20 987	12 321	56 696
Net interest receivable	2 547	2 362	8 996
Profit before tax and State's share	23 534	14 683	65 882
Tax and State's share	(1 756)	1 780	4 899
Profit after tax and State's share	25 290	12 903	60 983
Capital expenditure	15 751	5 166	38 160
Dividends declared	16 123	—	20 154

Notes:
1. Gold price received: Rand per kg 16 721   15 050   14 795
2. Profit from gold, the reported gold price and profit from uranium include profits and/or losses associated with gold and/or currency hedging transactions.

DEVELOPMENT	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Metres advanced			
Ventersdorp Contact Reef	3 080	3 107	12 928
Upper Elsburg Reefs	*6 462*	*8 649*	*30 791*
Middle Elsburg Reefs	2 651	2 654	9 843

SAMPLING RESULTS

The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

VENTERSDORP CONTACT REEF, ELSBURG MASSIVE REEFS AND ELSBURG INDIVIDUAL REEFS

	Quarter ended 31.12.83 VCR	EMR	EIR	Total	Quarter ended 30.9.83 VCR	EMR	EIR	Total
Sampled—m	693	540	1 434	2 667	417	351	1 467	2 235
Channel width—cm	94	219	219	187	152	229	212	204
Average value:								
Gold—g/t	8,7	7,0	5,7	6,4	7,6	5,9	5,9	6,1
—cm-g/t	818	1 533	1 248	1 197	1 155	1 351	1 251	1 244

MIDDLE ELSBURG REEFS	Quarter ended 31.12.83	Quarter ended 30.9.83
Sampled—m	417	948
Channel width—cm	131	145
Average value:		
Gold—g/t	3,9	3,7
—cm-g/t	511	537
Uranium—kg/t	0,42	0,63
—cm-kg/t	55,02	91,35

ORE RESERVES AT 30th SEPTEMBER

	1983 VCR	1983 Upper Elsburg Reefs	1983 Total	1982 VCR	1982 Upper Elsburg Reefs	1982 Total
Tons—000's	881	3 489	4 370	1 161	3 561	4 722
Stope width—cm	133	224	197	151	226	201
Average value:						
Gold—g/t	11,9	7,4	8,3	10,7	7,8	8,5
—cm—g/t	1 583	1 658	1 635	1 616	1 763	1 709
MIDDLE ELSBURG REEFS						
Tons—000's			1 037			1 080
Stope width—cm			158			173
Average value:						
Gold—g/t			4,8			3,5
—cm—g/t			758			605
Uranium—kg/t			0,91			0,86
—cm—kg/t			143,78			148,76

Note:
The 1983 ore reserves are related to pay limits calculated on the basis of a gold market price of R15 000 per kilogram (1982: R13 000 per kg) and certain assumptions regarding the uranium price. In calculating ore reserves, the effect of gold and/or currency hedging transactions has been taken into account.

COMPARATIVE ORE RESERVES AT VARIOUS GOLD PRICES

Gold market price R/kg	Tons 000's	Average value Gold—g/t
R13000	4 775	7,8*
R15000	5 407	7,4*
R17000	5 993	7,1*

*Includes Middle Elsburg Reef reserves.

PRODUCTION

GOLD
The tonnage treated from underground was supplemented by 110 100 tons (82 500 tons) from surface sources.

URANIUM
The tonnage treated decreased by 10 000 tons to 151 000 tons. Despite an improved yield the lower throughput resulted in a production decrease of 2 764 kilograms.

No. 3 SUB-VERTICAL SHAFT

Sinking advanced by 9 metres to 1 440 metres below the collar and lining was extended by 10 metres to 1 432 metres. On 95A Level the station has been excavated and lined and stoping of the pump chamber has been completed. On 95 Level, 133 metres of development were achieved and 270 m² of stoping were completed. A total of 568 metres of raiseboring was completed.

CAPITAL EXPENDITURE	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Net expenditure: mining assets (R000)	15 052	5 226	37 769
other assets (R000)	699	(60)	391
Capital commitments at end of period (R000)	3 601	3 035	3 601

LONG-TERM LOANS	Quarter ended 31.12.83	Quarter ended 30.9.83	Year ended 31.12.83
Balance at end of period (R000)	27 662	28 302	27 662
Interest paid during the period (R000)	3	3	14
Repayments due within one year (R000)	640	640	—

DIVIDEND

Dividend No. 36 of 40 cents per unit of stock was declared on 19 December 1983 payable to members registered at the close of business on Friday, 27 January 1984. Dividend warrants will be posted to stockholders on 2 March 1984.

FORWARD SALES

The company has sold forward a significant portion of gold production expected over the next nine months in order to stabilise revenue and thereby reduce the company's vulnerability to operating losses.

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX   *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Issued capital: R30 203 000
(Dividend into 30 203 000 units of stock of R1 each)

	Six months ended 31.12.83	Six months ended 30.6.83	Year ended 31.12.83
DIVIDEND DECLARED (R000)	7 853	1 963	9 816
per unit of stock (cents)	26	6,5	32,5

Stockholders are advised to study the operating results published by Western Areas Gold Mining Company Limited

For and on behalf of the Board
G. Y. NISBET
F. J. P. ROUX   *Directors*

Copies of these reports are available on request from the offices of:

Barnato Brothers Limited
99 Bishopsgate, London EC2M 3XE
England

17th January 1984

BIDS AND DEALS

Stenhouse Holdings advises bid acceptance

THE BOARD of Stenhouse Holdings, Glasgow-based insurance broker, has told its shareholders that they should accept a £52.8m offer from Reed Stenhouse, Canadian-based insurance broker, an associate of Stenhouse.

The board, together with family interests of Stenhouse Holdings, representing about 31 per cent of the Stenhouse equity, had been resisting the terms of the Reed Stenhouse offer. But Reed Stenhouse has managed to acquire 50.2 per cent of Stenhouse Holdings equity.

"We continue to believe that the terms of the offer are too favourable to the Reed Stenhouse shareholders and are not fair to you," shareholders of Stenhouse are told by the board in a circular. "Nevertheless, sufficient shareholders have either accepted these terms or sold their shares to give Reed Stenhouse control of Stenhouse Holdings."

Stenhouse Western, representing family interests of Stenhouse holding 24.6 per cent of the equity, and the board intend to accept. In total these shares amount to a 24.9 per cent stake. They have recommended that other shareholders accept the offer.

Suspended

Shares in British Empire Securities and General Trust have been suspended at 28p, pending publication of a further announcement.

The directors say that they are in discussions regarding the company's future, and meantime have requested the suspension.

Share Stakes

Aero Needles Group — Sir William Prym-Werke, as a result of a share purchase on January 13 1984 holds 259,000 ordinary shares (approximately 6.1 per cent of issued ordinary share capital). Following the purchase of 10,000 ordinary shares on January 16 Mr Roger Allsop is beneficially interested in 216,900 (5.07 per cent).

Rowe Evans Investments—Mr E. J. Ells, director, on January 13 sold 250,000 ordinary at 65p each and transferred 75,000 ordinary as a family gift. Mr Ells' beneficial interest is now 750,962 ordinary; Mr J. W. Laurie on January 13 sold 200,000 ordinary at 65p each and his beneficial interest is now 755,026 ordinary.

Floyd Oil Participations—Mr J. Frey, a director, has sold 100,000 ordinary shares.

Arthur Bell angry over KIO plan

BY DAVID DODWELL IN LONDON AND MARK MEREDITH IN EDINBURGH

PLANS by the Kuwait Investment Office to boost its stake in Scotland's private Gleneagles Hotels group by means of a 275p-a-share tender offer aroused protest yesterday from Arthur Bell, the Scotch whisky distiller which two weeks ago launched a surprise £20.24m bid for Gleneagles.

The Kuwait Investment Office (KIO) has held a 15 per cent stake in Gleneagles since the hotels group was formed in 1981 to take over from British Rail the Gleneagles Hotel and two other Scottish hotels.

Yesterday, Barclays Merchant Bank announced on the KIO's behalf that it is tendering for a further 990,000 shares at a price of 275p. If taken up fully, the tender would lift the Investment Office's stake to about 26 per cent. Shareholders have two days to take up the offer, which is worth 50p a share more than the 225p cash offer from Arthur Bell.

Henry Ansbacher, acting as Arthur Bell's financial advisers in the bid, yesterday protested at the brief period available for shareholders to consider the KIO tender offer.

Mr Patrick Spens, a director of Henry Ansbacher, said: "This is simply a gun being held at the heads of shareholders." He complained that the offer comes at a critical stage in the takeover battle, which is being hotly contested by Gleneagles. The hotels group's defence document is expected around the weekend.

He said he had been in touch with the Takeover Panel to question whether such a short tender period was acceptable. A spokesman for the Panel said last night that because Gleneagles was a private company, Panel rules insisting that a tender offer must stay open for at least seven days, did not apply.

Arthur Bell launched its offer after acquiring a 29.9 per cent stake in Gleneagles from British Transport Hotels. The terms are 173 new Bell shares for every 100 Gleneagles shares, or a cash alternative of 225p.

It was promptly rejected by the Gleneagles board as "unexpected, unwelcome and too low."

Mr Peter Tyrie, managing director of Gleneagles, said yesterday that the KIO tender offer had come as a surprise, but that it "may be considered to be a reasonable price for the transfer of a minority holding."

He added that the price "bears little relation to the overall value of the group," and noted: "To the extent that the tender assists the group to remain independent and demonstrates support for the existing management it is welcome by the board."

A spokesman for Barclays Merchant Bank said there was no reason to believe at present that the KIO was doing anything other than protecting its stake in Gleneagles. It is understood that the KIO shares the board's view that a bid pitched at 225p is inadequate. However, it does not rule out a higher offer, or counterbid, in which case support for the company cannot be seen as unconditional.

BAT poised to clinch £968m purchase of Eagle Star today

BY CHARLES BATCHELOR

BAT Industries, the tobacco concern, is poised to clinch its record £968m bid for Eagle Star, the insurance group, later today.

The level of acceptances received last night combined with the 30 per cent holding BAT is to buy from its former bid rival, the Allianz insurance group of Germany, will give BAT automatic control of Eagle Star.

A last-minute counter-bid from another suitor could still thwart BAT but the company believes this is unlikely following its purchase earlier this month of the 4.8 per cent holding owned by Mr Ivan Boesky, an American share trader.

BAT had obtained acceptances from the owners of 19.9m shares, or 14.42 per cent of the Eagle Star equity, by the time it stopped counting yesterday.

With the 5.67 per cent holding it already owns this gives it control of 20.09 per cent. In the absence of a counter bid its lawyers will meet representatives of Allianz at 2.45 pm today to transfer the German company's 30 per cent holding, giving BAT marginally over 50 per cent of the Eagle Star equity.

BAT's 700p per share offer will automatically go unconditional once it has 50 per cent of the equity. "We're there," a BAT spokesman said yesterday.

Fifty-five per cent of the acceptance forms sent out by BAT have been returned, indicating small shareholders have been the first to accept the offer. The institutions are expected to follow their normal practice of accepting at the last minute.

BAT expects to have to scale down allotments of the loan stock alternative contained in its offer since this is expected to be the most popular of the options open to shareholders.

First closing date for the revised BAT offer is 3pm today but the offer will be extended indefinitely to mop up the remaining shares provided it is declared unconditional.

Eagle Star's shares closed at 695p yesterday—5p below the oqer price.

BIDS AND DEALS IN BRIEF

Henara has received 87 per cent acceptance to its offer for Dixor-Strand and has extended the offer to February 13. If by that date it has not received acceptances totalling 90 per cent the offer will be closed. Henara will not acquire the remaining shares compulsorily, nor will non-accepting shareholders be able to require the company to do so.

* * *

Greene and Co have been appointed as financial advisors to the Ciro board in relation to the offer made by Kitkat and Aitken on behalf of Ciro Inc.

* * *

Espley-Tyas Property Group has acquired a portfolio of land and investment property in Scotland for £3.03m in cash, shares and loan stock. The acquisitions will enable Espley-Tyas to considerably expand its base of operation, particularly in the Glasgow/Edinburgh corridor. The properties were professionally valued at £3m on December 12 1983.

* * *

The offer to acquire the ordinary share capital of Midland Trust not already owned by Britannic Association has been declared unconditional. The offer remains open, but the cash alternative has closed. If sufficient acceptances are received, Britannic intends to acquire compulsorily any outstanding shares.

* * *

Glanvill Enthoven manages Lloyd's Non-Marine Syndicate 464, E. P. Hall and Others, and by joining the independent Langton group, it has complied with the divestment provisions of Lloyd's Act 1982.

* * *

Leslie Langton Holdings has completed the purchase of Glanvill Enthoven and Company (Underwriting) from Jardine Glanvill (Underwriting Agencies) and the directors of the company are Mr M. J. Langton, Mr T. W. Higgins, Mr E. P. Hall, Mr M. T. Coulton and Mr D. C. Bates.

Music Sales in £5m Campbell Connelly deal

By Charles Batchelor

The rights to international hit songs such as "The very thought of you" and "We'll meet again" will change hands in a take-over billed as one of the most important in the musical world.

Music Sales, a music publisher set up in 1970 by an American, Mr Robert Wise, is paying about £5m for the Campbell Connelly Group, which owns the rights to more than 50,000 works.

The Campbell Connelly catalogue embraces styles of popular music from Latin American to rock and roll and includes songs like "Show me the way to go home," "Goodnight sweetheart," "Sunny," "There'll always be an England" and "Telstar." Mr Robert Wise said: "This is the last great independent music company left in England. It's a gem."

Music Sales, of Newman Street, W1, prints sheet music, songbooks and tutors and has its own catalogue of more than 5,000 titles in print. The Campbell Connelly purchase will mean Music Sales also owns the rights to the music it prints, as well as to many other songs.

Mr Wise refused to disclose the exact price paid though Campbell Connelly sought offers of more than £5.7m, including the £1.6m value of its freehold offices in Soho Square. The property has, however, been bought back by the vendor's trustees.

Campbell Connelly was founded in 1925 by Mr Reg Connelly and Mr Jimmy Campbell and was one of the few remaining privately-owned music publishing groups in the UK.

Thorn buys outstanding Metal Inds. preference

Thorn EMI, the home entertainment, domestic appliances and lighting group, plans to buy up the outstanding preference shares of its fully-owned Metal Industries subsidiary in a "tidying up operation."

Thorn said this was not intended as a preparation for disposing of the company, though the low-technology activities grouped under Metal Industries were not part of its main-stream business.

"We are not particularly looking to sell off these companies, but if a good offer came along we would not say no."

Thorn will pay a total of £1.42m to acquire the preference stock it does not already own. It will offer 70p cash for each of the 1.03m 5 per cent cumulative preference stock units it does not own and 52p cash for each of the 1.35m 3½ per cent cumulative preference stock units.

Buying in the preference stock will allow Thorn to make savings on the preparation and distribution of separate accounts. It carried out a similar operation at another subsidiary, Glover and Main, last year.

Pauls and Whites

Pauls and Whites has acquired Jay Cee Laboratories of New Jersey for approximately U.S.$425,000 (£301,000 at current rates) as part of its policy of developing its U.S. flavour interests.

Jay Cee specialises in liquor and ice cream flavours. Its operations will be transferred to Reynaud, Pauls and Whites' first U.S. acquisition made in January 1983. Pauls and Whites expects this latest purchase to increase its annual turnover by about $200,000.

Smith Bros.

The acquisition of a 29.9 per cent stake in Smith Bros. by N. M. Rothschild is not to be referred to the Monopolies and Mergers Commission.

Smith's shareholders, at an EGM, approved the implementation of the association with Rothschild. Completion of the agreement will take place today.

Tower Drilling

Joint receivers Mr Richard Turton and Mr Ian Shaw of Spicer and Pegler have sold the business and substantially all of the assets of Tower Drilling Equipment to Marshalls Halifax. It is understood that Marshalls is transferring the manufacturing operation from Chesterfield to existing premises at Halifax.

BASE LENDING RATES

A.B.N. Bank	9 %
Allied Irish Bank	9 %
Amro Bank	9 %
Henry Ansbacher	9 %
Arbuthnot Latham	9 %
Armco Trust Ltd.	9 %
Associates Cap. Corp.	9½%
Banco de Bilbao	9 %
Bank Hapoalim BM	9 %
BCCI	9 %
Bank of Ireland	9 %
Bank Leumi (UK) plc	9 %
Bank of Cyprus	9 %
Bank of Scotland	9 %
Banque Belge Ltd.	9 %
Banque du Rhone	10 %
Barclays Bank	9 %
Beneficial Trust Ltd.	10 %
Bremar Holdings Ltd.	9 %
Brit. Bank of Mid. East	9 %
■ Brown Shipley	9 %
CL Bank Nederland	9 %
Canada Perm't Trust	10 %
Castle Court Trust Ltd.	9½%
Cayzer Ltd.	9 %
Cedar Holdings	9 %
■ Charterhouse Japhet	9 %
Choulartons	10½%
Citibank Savings ¶	10½%
Clydesdale Bank	9 %
C. E. Coates	9½%
Comm. Bk. of N. East	9 %
Consolidated Credits	9 %
Co-operative Bank *	9 %
The Cyprus Popular Bk.	9 %
Dunbar & Co. Ltd.	9 %
Duncan Lawrie	9 %
E. T. Trust	9½%
Exeter Trust Ltd.	10 %
First Nat. Fin. Corp.	11 %
First Nat. Secs. Ltd.	10½%
Robert Fraser	10 %
Grindlays Bank ‡	9 %
■ Guinness Mahon	9 %
■ Hambros Bank	9 %
Heritable & Gen. Trust	9 %
■ Hill Samuel §	9 %
C. Hoare & Co. †	9 %
Hongkong & Shanghai	9 %
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	9½%
Lloyds Bank	9 %
Mallinhall Limited	9 %
Edward Manson & Co.	10 %
Meghraj and Sons Ltd.	9 %
Midland Bank	9 %
■ Morgan Grenfell	9 %
National Bk. of Kuwait	9 %
National Girobank	9 %
National Westminster	9 %
Norwich Gen. Tst.	9 %
R. Raphael & Sons	9 %
P. S. Refson & Co.	9 %
Roxburghe Guarantee	9½%
Royal Trust Co. Canada	9 %
■ J. Hnry Schroder Wagg	9 %
Standard Chartered ‖	9 %
Trade Dev. Bank	9 %
TCB	9 %
Trustee Savings Bank	9 %
United Bank of Kuwait	9 %
United Mizrahi Bank	9 %
Volkskas Intnl. Ltd.	9 %
Westpac Banking Corp.	9 %
Whiteaway Laidlaw	9½%
Williams & Glyn's	9 %
Wintrust Secs. Ltd.	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months: £2,500 9%; £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

APPOINTMENTS

New president for Actuaries

Professor Peter G. Moore has been elected president of the INSTITUTE OF ACTUARIES in succession to **Mr C. Stewart S. Lyon**, whose term will expire on June 25. Professor Moore is deputy principal of the London Business School and becomes principal on August 1.

★

Dr J. Martin Owen has resigned as commercial relations officer and will be leaving the Isle of Man Civil Service shortly to become chief accountant of the ISLE OF MAN BANK. Dr Owen was appointed commercial relations officer in August 1982. Since then he has worked with banking and insurance supervisors in establishing a system of supervision and has taken a leading part in setting up the Financial Supervision Commission.

★

PAUL R. RAY INTERNATIONAL has appointed **Mr Ian Christians** as managing director, London office.

★

Mrs Theresa S. M. Lloyd has been appointed manager of the London office of AMCA NETHERLANDS B.V.

★

Mr Hamish H. Carlton has been appointed to the board of BUSINESS MISSIONS INTERNATIONAL, the holding company of the Energy Business Centre. He was commercial general manager of Britoil.

★

Mr Henry L. Tottenham has been appointed a director of WIMPEY MARINE, ship-owning and management services arm of the George Wimpey Group.

★

At the annual conference of the ELECTRICAL CONTRACTORS' ASSOCIATION in May **Mr Michael Steward**, deputy chairman of William Steward Group, will be retiring as president and hand over to **Mr George Giffen**, chairman and managing director of Giffen (Electrical Contractors). **Mr Kenneth Baynton** of K. H. Baynton and Son (Electrical Contractors), will become senior vice president.

★

ROYAL WORCESTER INDUSTRIAL CERAMICS has appointed **Mr Huw Williams** as financial director at the Tonyrefail plant in Mid Glamorgan. He joined RWIC in July 1982 as company secretary which he retains.

★

Mr Steve Williamson has been appointed a director and manager of ASTRA GAMES, a subsidiary of McCorquodale.

★

Mr W. G. McQueen, a manager, international division, oil and energy department, BANK OF SCOTLAND, has been appointed senior manager from February 1.

Mr Donald Kurtz, deputy chairman of Geers Gross Advertising Inc., New York, has become a director of GEERS GROSS, London. Mr Kurtz was one of the two founding partners of Kurtz and Tarlow, New York, whose advertising agency was acquired by Geers Gross in 1982. **Mr Peter Barnes** has resigned as a director of Geers Gross and Geers Gross Advertising Inc., New York, and returned to Australia to pursue business interests there.

★

Mr Donald G. Cruickshank, deputy chief executive of Goldcrest Films and Television

Mr Donald G. Cruickshank has been appointed deputy chief executive of GOLDCREST FILMS AND TELEVISION, and will be a member of the board of the holding company. He will be responsible for the administration of the company and for its developing cable and satellite programming interests. Mr. Cruickshank was managing director (finance and administration) at Pearson-Longman.

★

Mr Reinhard J. Schmoelz, former head of Credit Suisse Luxembourg, has been appointed a senior vice-president at the London branch of CREDIT SUISSE.

★

DUFAY BITUMASTIC has appointed **Mr Timothy John Biggs** to the board. He has been with the group since 1967 and is managing director of the inks division comprising the Richardson Printing Ink Co ad J and C Printing Inks. **Mr Ernest William Tyerman** has been appointed deputy chairman. A non-executive director, he has been a director since 1980 and was formerly chief executive of Croda International.

★

JOHN MENZIES has made three executive management appointments in the retail division. **Mr Robert Black**, who was retail director, has been appointed retail managing director. **Mr Anthony Bevan**, retail merchandise director, has become regional director (south). Taking over as retail merchandise director is **Mr William Jones**, who joined the company earlier this month. He was managing director of E. M. Merrett and Co.

★

Mr Gilbert Peach has been appointed a main board director of G. A. HARVEY OFFICE FURNITURE. He remains a director of Libraco, another company in the Butterfield Harvey Group.

★

After serving ten years as chairman of the Smaller Firms Group of Scientific Instruments Manufacturers' Association (now a group within GAMBICA), **Mr Douglas Read**, a director of Schaevitz EM, has handed over to **Mr Gabor Martell of Montford Instruments**.

★

Mr Keith Gwynne Jones and **Mr John Robertshaw**, have been appointed non-executive directors of BEECHWOOD GROUP. Mr Gwynne Jones represents the interests of Modelhurst and AICO Western Investments, who have shareholdings in Beechwood. Mr Robertshaw is a director of a number of companies.

★

At INTERFIRST BANK DALLAS **Mr Geoffrey Swain** and **Mr Alan Flood** have both been appointed vice president in the global funding division. Mr Swain is chief dealer in the London branch and Mr Flood is deputy chief dealer.

★

ARGYLL FOODS has the following appointments to the board of Argyll Foods (Trading), the subsidiary responsible for group marketing, procurement and merchandising: **Mr R. Murdy, Mr D. E. Ostler, Mr J. E. Phelps**, and **Mr G. W. Wood**.

★

Mr Alan Bayley has left Charles Barker, where he has been managing director of CBC since June 1981, to join the VALIN POLLEN board with a brief to develop its financial marketing division into an independent entity.

★

Mr Brian Chamberlain has been appointed head of syndications section for NATIONAL WESTMINSTER BANK'S international banking division. He succeeds **Mr Chris Masters** who becomes head of energy section. Prior to this appointment Mr Chamberlain worked within syndications section, as a manager.

★

Mr Richard Idiens has been appointed to the board of FLIGHT REFUELLING as engineering and sales director.

★

GRINDLAY BRANDTS CONSTRUCTION INSURANCE BROKERS has made **Mr A. Worboys** a director.

ENERGY REVIEW

Sizewell: now for the safety issue

By David Green

THE OPENING of the safety debate at the Sizewell B public inquiry this month could hardly have come at a trickier moment for the Central Electricity Generating Board.

With most of the economic arguments about the proposed pressurised water reactor complete, the board now faces three or four months of scrutiny of the project's safety aspects knowing that its opponents will take every opportunity to use the recent radioactive leak from the nuclear fuel reprocessing plant at Sellafield to their advantage.

Objectors at the inquiry will argue that if British Nuclear Fuels' tight safety precautions at Sellafield can fail, then so can the similarly sophisticated systems proposed for Sizewell B.

Waste management will be dealt with as a special section at the inquiry and among the nuclear industry executives facing recall for cross-examination is Dr Donald Avery, deputy managing director of BNF.

His performance will be closely watched by both objectors to Sizewell and by the CEGB, which has felt for some time that the so-called "back end" of the nuclear fuel cycle is letting down the UK nuclear industry as a whole.

Technically speaking, the CEGB's task on the safety issue is to convince the semi-independent Nuclear Installations Inspectorate that it should be given a licence to build the power station.

But NII is also, in a sense, on trial at the Sizewell hearings since it too must convince the inquiry inspector, Sir Frank Layfield, QC, that its methods and assumptions are beyond question.

Activity at the inquiry is therefore being conducted upon two levels. In the industry itself, the NII, along with other witnesses, is being called upon to make points and submit papers, whilst outside it is proceeding with its 80-point investigation of the CEGB's application for a safety licence.

There is, inevitably, a good deal of overlap between the material covered and, the nuclear industry feels, yet another source of delay in an inquiry which is not now likely to finish until September.

After that, Sir Frank is expected to take six months to prepare his report to Government. Then a Parliamentary debate is expected before Cabinet takes the final decision. So the CEGB's hope of starting to build Sizewell B in early 1986 is beginning to look overoptimistic.

Sir Walter Marshall, the CEGB chairman surrounded by anti-nuclear demonstrators at the opening of the Sizewell inquiry a year ago

In a final twist to the circularity of the process, Mr Ron Anthony, the NII's chief nuclear inspector, says he will not issue a site licence for Sizewell B before he has had time to consider Sir Frank's recommendations, since those recommendations may well suggest changes to the ground rules by which the inspectorate works.

For the moment, however, the inspectorate is working its way through its list of 80 safety questions and has reached the half-way mark.

Eight key questions remain outstanding. These include the hypothetical risks of earthquake damage, the possibility of an aircraft crashing into the plant, or damage caused by a gas cloud explosion should a tanker carrying liquid petroleum gas off the Suffolk coast near Sizewell happen to explode.

Other matters still to be settled concern fire safety procedures, cladding systems for the reactor's fuel rods, the supply of emergency boroted water to the reactor and various matters concerning the cooling and steam generating mechanisms.

Each of these could, depending upon the inspectorate's recommendations, add a further £10m to the cost of a project already estimated at £1.147bn.

As for the debate at the inquiry itself, the longest shadow is cast by Three Mile Island, the Pennsylvania nuclear power plant which had to be temporarily shut down in March 1979 when, it appeared, there was danger of a major release of radioactivity. Ever since the Three Mile Island incident, the U.S. nuclear power industry has been in a state of paralysis, unable to plan further installations.

The CEGB has carefully studied official reports following the accident and staff have visited the site. Reports of other accidents at pressurised water reatcors elsewhere in the world have also been closely examined.

The board argues that it has learned the lessons of Three Mile Island and that additional fail-safe provisions built into instrumentation and maintenance procedures would prevent any recurrence of such an incident at Sizewell.

The 35 objecting organisations at the inquiry will argue that the PWR is so complex that it is impossible to guarantee that serious accidents will not occur. There is particular concern about crack-detection methods, which objectors argue to be a specific vulnerability in the design of PWR reactor vessels.

Another important issue in the safety debate concerns the risk of radiation-induced disease, both to plant operators and other CEGB staff and to the local population.

Sir Edward Pochin, consultant to the director of the UK radiation watchdog, the National Radiological Protection Board, and an expert, has told the inquiry there can be no safe dose threshold below which radiation could not cause cancer.

He said he did not believe, however, that the rate of cancer caused by exposure below the existing permitted dose level merited any change in the rules.

The CEGB is confident that the radiation exposure to plant operators will be well below the permitted maximum dose.

Among the witnesses who will be giving evidence opposing Sizewell B, because of the risk of radiation induced disease, is Professor Robert Blackith of Trinity College, Dublin, a veteran of the Windscale Inquiry. He will be joined by fellow epidermiologist, Dr Alice Stewart.

Dr Rosalie Bertell, an American bio-statistician who is well known internationally for her opposition to nuclear power on medical grounds, is also scheduled to give evidence.

All three will be appearing for the Stop Sizewell B Association, a Suffolk-based group led by Mr Graham Searle.

The Association is concerned about a cluster of leukaemia cases discovered at Leiston, a small town just over a mile away from the existing Sizewell A nuclear power station. Four of the victims are former workers at Sizewell A and all were classified for radiation purposes.

The area medical officer of health, Dr Michael Bush, and the CEGB's chief medical adviser, Dr John Bonnell, have both described the cluster as inexplicable. They both also say there is no evidence to link the cases to exposure to radiation and that such a link is unlikely.

The Stop Sizewell B Association will argue that it would be unwise to create what it sees as a further radiation risk in an area apparently susceptible to leukaemia until it has been established beyond reasonable doubt that radiation is not the cause of the "cluster."

Assuming that the safety issues can be dealt with, the CEGB is confident that it has made its economic case for building Sizewell, even though it has cut from £1.55bn to £1.23bn the sum it estimates the project will save during its lifetime. The board denies this is a concession in the face of objectors' evidence.

It says that a clearer picture has emerged of economic indicators, including the behaviour of coal prices.

The board also blames the length of the inquiry itself for reducing lifetime savings.

Even so, it believes that the pressurised water reactor will provide cheaper electricity than any other type of power station, nuclear or fossil fuel. By building Sizewell B before its electricity is needed will enable the board to order early shutdowns for older, less efficient coal-fired stations.

If it gets the go ahead for Sizewell B, the CEGB does not expect to present detailed safety evidence at future inquiries into pressurised water reactor applications. It expects such inquiries to be largely site specific, but to include economic evidence. This view is shared by objectors.

FINANCIAL TIMES

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Revival expected for farm future options in U.S., Page 34

WALL STREET

Gains are slow to spread

ANOTHER mildly disappointing session emerged on Wall Street, with the bond market continuing to consolidate after a further round of price gains but leading stocks unable to sustain an initial improvement, *writes Terry Byland in New York.*

Leading stocks drifted lower for much of the session but selling dried up before the close and some modest buying in the final hour turned the market higher, with the technology issues leading the way. The Dow Jones industrial average ended 3.87 higher up 1271.46. Turnover remained moderate with 93m shares traded but gains led losers by 9 to 7.

Credit market analysts remained confident that the apparent moderation in the pace of the economic advance will reduce upward pressures on interest rates. But short-term rates edged higher again yesterday, discouraging those investors who have been expecting the Federal Reserve to ease its monetary stance.

The federal funds rate, the Fed's chief means of influencing short term rates, eased slightly from overnight but remained obstinately high at 9⅝ per cent.

Mr Allen Sinai, chief economist at Lehman Bros Kuhn Loeb predicted that the federal funds rate will fall to around 8¾ per cent by May but added that long-term bond yields, now around 11.60 per cent, will fluctuate between 11 per cent and 12 per cent over the next few months.

The end-of-year reporting season at the major industrial corporations slowly got under way but produced no surprises for the stock market.

The bank reporting season continued with Citicorp down $⅜ to $37¼ after disclosing results for the final quarter of 1983. Marine Midland, controlled by Hongkong and Shanghai Banking was down $⅛ to $25⅜ after fourth-quarter results and Security Pacific down $¼ to $51½.

Donaldson Lufkin Jenrette, first of the securities houses to report on final quarter trading, sthed $¼ to $17⅜.

Among the steel companies, Republic Steel at $32 made little response to the latest trading statement while Armco was down $¼ at $22⅜ after a loss warning for the final quarter.

Among the high technology issues, Honeywell was $½ off at $130 after reporting last year's profits and commenting on the outlook for 1984. IBM at $121 showed a $½ gain. Digital Equipment at $90¾ added a further $5 on satisfaction with the forecast of a recovery in the second quarter.

General Electric held up $⅜ to $57½ as the market digested the latest trading figures. Some oil stocks shaded lower although hints of a cut in crude prices by Nigeria were brushed aside in the stock market. At $37⅜, Exxon lost $⅛ and Standard Indiana at $49⅞ gave up $⅜.

There was heavy turnover in utility stocks again as investors weighed the implications of the latest setbacks for the nuclear power station projects. Public Service of Indiana shed a further $¾ to $9¼ on the decision to drop the costly Marble Hill project.

But Commonwealth Edison at $24 gained $1⅛ on hopes that further inspection of the Byron plant might bring forth the required operating license.

AT&T stocks shaded lower, the new stock to $18¼ and the old to $66⅞. Active features elsewhere included Chrysler $⅝ better at $31⅛ and Time, the publishing group, which lost $1 to $59.

On the American Stock Exchange, Wang Laboratories dipped by $⅛ to $35¼ following results.

In the credit markets retail turnover was quiet with little retail interest showing itself. The key long bond slipped 102 26/32 after touching 103 11/32 on Monday. At this level the bond yields 11.66 per cent. Dealers believe that long term rates could fall further before mid-year.

At this level the bond yields 11.62 per cent, the lowest level for more than one month. Dealers believe that long rates could fall further before mid summer.

Treasury bill rates were adjusted higher to take account of this week's auction. Three month bills were discounted at 8.83 per cent while six month bills at 8.96 per cent were seven basis points higher.

LONDON

Industrials retreat from peaks

SUGGESTIONS that the London equity boom might have gone too far, coupled with Wall Street's continuing lacklustre performance, prompted a technical reaction in markets yesterday. Leading industrials retreated quite sharply from record levels as short-term investors realised profits accumulated over the past few weeks.

The FT Industrial Ordinary index closed 6.6 down at 807.1.

Electricals encountered above-average selling, which unsettled a sector awaiting interim figures from Racal – down 1p to 203p – today, and still mindful of the recently disappointing results from Thorn EMI – down 5p to 603p.

An uninspiring performance by sterling against the dollar put a dampener on the gilt-edged market and investors showed little enthusiasm.

Longer-dated gilts gave up initial gains of ¼ to close about that much lower on the session. Shorts moved similarly with the exception of selected low-coupon stocks.

Mining markets remained under pressure owing to a combination of depressed precious and base-metal prices, and currency movements.

Details, Page 29; Share information service, Pages 30–33.

SINGAPORE

SPECULATIVE BUYING and bouts of profit-taking left shares mixed in Singapore and the Straits Times industrial index closed 1.13 higher at 1,043.69.

Particular resilience was shown by smaller, Malaysian-based companies.

Supreme Corporation remained the most actively traded issue, shedding 6 cents to S$2.12 while the newly-issued L and M Group Investments found strong demand adding 38 cents to S$4.30.

TAIWAN

EXPECTATIONS of a better export performance this year helped shares in Taiwan to record levels yesterday.

The stock market index gained 2.27 to 793.02 and there are expectations that it will top the 800 level before the Chinese New Year on February 2.

AUSTRALIA

GOLD'S DECLINE below the $370 level and the failure of copper prices to respond to a weaker U.S. dollar weighed heavily on the Sydney market.

A round of bargain hunting provided some late support in other sectors, however, and the All Ordinaries index closed down 4.9 at 765.

Among the banks ANZ fell 20 cents to A$5.40 after going ex a one-for-10 bonus issue. Elsewhere the market continued to overbid Permewan Wright's A$3.25 offer for LNC Industries. LNC ended 37 cents ahead at A$3.62 in Melbourne.

SOUTH AFRICA

GOLD SHARES edged lower in Johannesburg as optimism for the bullion price waned. Trading volumes were very low.

Among gold mines, Libanon lost R1.75 to R38.50 and Randfontein Estates was R2.50 down to R157.50. Other mining shares also lost ground.

Industrial losses outnumbered gains by about two to one.

CANADA

CONTINUING weakness in golds, oils, gas, metals and minerals led prices lower in **Toronto** at the start, but rallied later.

In **Montreal**, industrials, utilities and banks were again slightly down at the start, but closed higher.

TOKYO

Worries over recent price rises

SHARES EXTENDED their advance in Tokyo yesterday as investors returned to the market after a three-day holiday weekend. Selective buying interest centred on medium and low-priced large-capital issues in the absence of positive economic news, *writes Shigeo Nishiwaki of Jiji Press.*

Big-capital issues such as steel and shipbuilding were in good demand during the morning, and stocks that had apparently lagged behind the market advance were bought selectively. But during the afternoon, more and more investors were scurrying to cash in profits amid the growing concern over the recent price rises.

Consequently, the Nikkei-Dow Jones market average, which surged 37.50 points during the morning session compared with last Friday's close, closed only 4.60 points up at 10,155.57 – for its fourth consecutive record close. Volume was 654.13m shares compared with 691.88m traded last Friday.

On the flood of buy orders for large-capital steel issues, Nippon Steel rose Y6 to Y186, building on Friday's previous high of Y180, as investors placed a total of nearly 10m shares at the market. Nippon Kokan advanced Y3 to Y155.

Buy orders for Ishikawajima-Harima Heavy Industries totalled about 2.5m shares, with its price putting on Y6 to Y196. Kawasaki Heavy Industries benefited from large orders from leading shipping companies, adding Y2 to Y157.

Large-capital chemical shares also attracted buyers, with Sumitomo Chemical and Mitsui Toatsu Chemicals gaining Y1 to reach Y225 and Y164 respectively.

In the absence of buying interest, blue chip stocks generally retreated, with Matsushita Electric Industrial losing Y10 to Y1,900, NEC Y10 to Y1,490, Sony Y70 to Y3,540 and TDK Y70 to Y5,250. However, Hitachi gained Y4 to Y814.

In the afternoon Nippon Television Network moved the maximum Y1,000 up to Y10.950 on hopes of a stock split. Dainippon Construction also moved the maximum Y80 to Y320 on speculative buying. Leading securities firms generally gained ground with Nikko Securities climbing Y26 to Y486. Elsewhere, Asahi Denka Kogyo gained Y52 to Y612 and Mitsumi Electric Y65 to Y1,030.

The bond market rebounded in response to lower U.S. interest rates. It staged a sharp rally in the morning on heavy buying by a large trust bank of the benchmark 7.5 per cent long-term government bond due January 1983. The yield on the bond fell dramatically to 7.44 per cent from 7.49 per cent at the end of last week, but closed the day a shade higher at 7.455 per cent on late profit-taking.

HONG KONG

Property sale boosts sentiment

SHARES SHRUGGED OFF a round of early profit-taking in Hong Kong to stage a late rally which took the Hang Seng index up 14.55 to 989.72.

The early decline, which had left the index down 5 points at midsession, was attributed to an announcement by the medium-sized property company, Goodyear Estates, that it would cease trading after efforts to bring in new investors and a cash injection proved unsuccessful.

But elsewhere, the sale of property by International City Holdings (ICH) to the Peking-controlled Ever Bright Industries boosted sentiment.

Some market participants viewed the deal as a demonstration that Peking was prepared to back its promises about Hong Kong's future.

ICH rose 3 cents to 66 cents, while Cheung Kong, which has a 31.3 per cent indirect share, added 20 cents to HK$9.10.

Elsewhere the market leaders were mostly higher where changed, with Hongkong Land adding 8 cents to HK$3.25, Hutchison Whampoa 10 cents to HK$16.40 and Swire Pacific "A" 20 cents to HK$17.10.

EUROPE

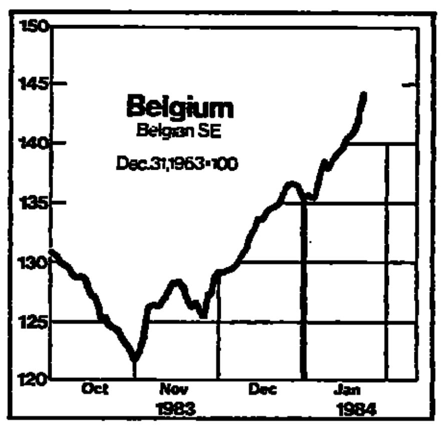
Brussels at all-time record

THE DOGGED advance which has seen the Brussels Stock Exchange index edge almost daily ahead since the beginning of the year had its reward yesterday with the market closing at an all-time high.

The index, established in 1963, reached a 10-year high last week, but a 2.19 advance yesterday pushed it to its highest-ever level of 144.23.

Unlike many other major European centres, which have seen their advances to peak levels fuelled by foreign buying, the Brussels market's strength is being attributed largely to domestic demand.

This has in turn been ascribed partly to the so-called "De Clercq Law," based on the Monory principle which offers tax incentives to private investors.



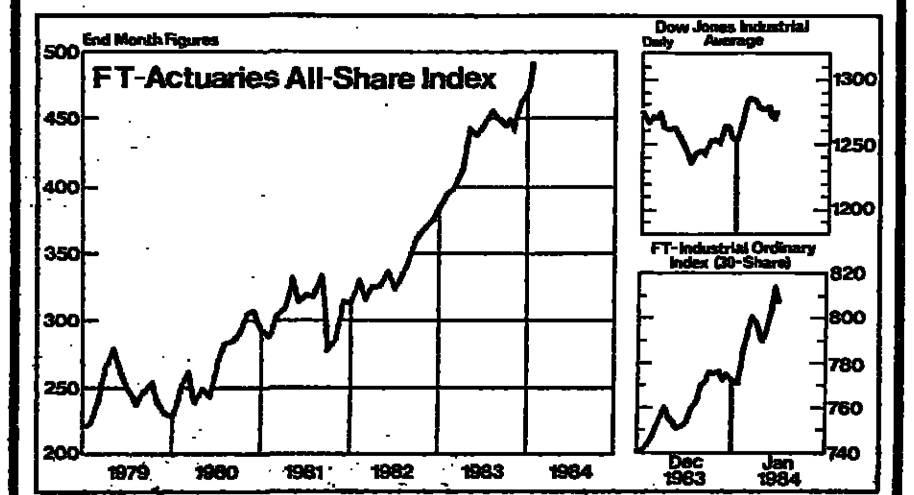
Cash for investments made in this way had to be lodged by December 31, but transactions need not be completed until the end of March. This has provided a pool of liquidity for the market.

A second boost for the market has come with the ending on December 31 of the "Cooreman decree" which provided tax incentives for companies and their shareholders when new issues were placed in the market.

This brought a rash of new issues late

Continued on Page 28

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 17	Previous	Year ago
NEW YORK			
DJ Industrials	1271.46	1267.59	1084.81
DJ Transport	603.05	600.54	469.27
DJ Utilities	131.65	130.35	124.58
S&P Composite	167.83	167.18	146.71
LONDON			
FT Ind Ord	807.10	813.70	614.80
FT-A All-share	n/a	492.90	392.79
FT-A 500	n/a	562.32	428.46
FT-A Ind	n/a	486.65	399.71
FT Gold mines	520.20	542.80	656.30
FT Govt secs	83.27	83.33	78.67
TOKYO			
Nikkei-Dow	10,155.57	closed	8062.73
Tokyo SE	763.03	closed	593.26
AUSTRALIA			
All Ord.	765.00	769.90	533.10
Metals & Mins.	527.60	533.20	457.40
AUSTRIA			
Credit Aktien	55.44	55.30	49.84
BELGIUM			
Belgian SE	144.23	142.04	103.46
CANADA			
Toronto Composite	2565.1	2562.90	2081.40
Montreal Industrials	445.0	444.76	358.28
Combined	429.3	428.84	342.20
DENMARK			
Copenhagen SE	218.06	221.35	102.76
FRANCE			
CAC Gen	167.20	167.60	102.90
Ind. Tendance	108.10	108.30	62.30
WEST GERMANY			
FAZ-Aktien	355.79	351.62	248.51
Commerzbank	1052.00	1040.30	748.10
HONG KONG			
Hang Seng	989.72	975.17	874.49
ITALY			
Banca Comm.	221.28	219.04	171.61
NETHERLANDS			
ANP-CBS Gen	165.60	164.20	106.00
ANP-CBS Ind	139.40	137.40	90.90
NORWAY			
Oslo SE	234.05	234.98	119.93
SINGAPORE			
Straits Times	1043.69	1042.56	760.95
SOUTH AFRICA			
Golds	792.9	806.40	1073.50
Industrials	981.9	958.90	806.30
SPAIN			
Madrid SE	106.56	closed	84.28
SWEDEN			
J & P	1523.03	1528.43	1012.37
SWITZERLAND			
Swiss Bank Ind	383.20	384.10	296.20
WORLD	Jan 16	Prev	Yr ago
Capital Int'l	186.70	186.50	161.40

GOLD (per ounce)

	Jan 17	Prev
London	$368.125	$367.125
Frankfurt	$367.75	$369.25
Zürich	$367.75	$369.25
Paris (fixing)	$370.51	$371.19
Luxembourg (fixing)	$369.75	$371.45
New York (Jan)	$369.80	$370.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 17	U.S. DOLLAR Previous	STERLING Jan 17	STERLING Previous
$	–	–	1.4110	1.4205
DM	2.8090	2.796	3.9650	3.975
Yen	234.30	233.25	331	331.5
FFr	8.5875	8.5525	12.1150	12.1425
SwFr	2.2360	2.219	3.1575	3.155
Guilder	3.1590	3.146	4.46	4.47
Lira	1705	1695.5	2404.50	2408.0
BFr	57.26	57.06	80.80	81.05
C$	1.247750	1.245	1.7605	1.768

INTEREST RATES

	Jan 17	Prev
Euro-currencies (offered rate)		
£	9½	9½
SwFr	3¾	3¾
DM	6	6 1/16
FFr	13½	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 13/16	9 13/16
6-month U.S.$	10	10 1/16
U.S. Fed Funds	9 7/16*	9 7/16
U.S. 3-month CDs	9.30*	9.35
U.S. 3-month T-bills	8.82*	8.775

U.S BONDS

Treasury	Jan 17* Price	Jan 17* Yield	Prev Price	Prev Yield
10⅞ 1985	100 22/32	10.48	100 22/32	10.48
11¾ 1991	101 6/32	11.46	101 16/32	11.43
11.75 1993	101 6/32	11.52	101 1/32	11.51
12 2013	102 16/32	11.66	103 4/32	11.61
Corporate	Jan 17* Price	Jan 17* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	93½	11.80	94⅛	11.70
3⅞ July 1990	68⅞	10.80	68.629	10.75
8⅜ May 2000	75½	12.25	75¾	12.20
Xerox				
10⅜ March 1993	92½	12.00	93¼	11.85
Diamond Shamrock				
10¾ May 1993	91⅜	12.10	91⅛	12.15
Federated Dept Stores				
10⅜ May 2013	86	12.40	87⅛	12.25
Abbot Lab				
11.80 Feb 2013	95¼	12.40	96	12.30
Alcoa				
12¼ Dec 2012	96	12.80	97¼	12.60

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	71–16	71–23	71–13	71–21
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.03	91.08	91.03	91.06
Certificates of Deposit (IMM) $1m points of 100%				
March	90.36	90.44	90.37	90.38
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.19	90.26	90.19	90.24
20-year Notional Gilt £50,000 32nds of 100%				
March	109–11	110–00	109–04	109–27

COMMODITIES

(London)	Jan. 17	Prev
Silver (spot fixing)	561.20p	571.40p
Copper (cash)	£945.00	£954.50
Coffee (Jan)	£2032.50	£2042.50
Oil (spot Arabian light)	$28.60	$28.57

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	8⅝	AAR	.44	2.4	22	183	18⅝	17¾	18⅛	−½
52⅞	30½	ACF	1.40	3.0	20	55	46⅝	45¾	46¼	−¼
22	18⅞	AMCA	n			2	21	21	21	+¼
18½	14⅝	AMF	.50	3.1		438	16	15½	15⅝	+¼
39¾	18½	AMR Cp			17	4502	u39½	38½	39½	+1
19¾	16⅝	AMR	pf2.18	11.		28	19⅝	19½	19½	
40½	24⅞	AMR	pf2.13	5.3		579	39¾	38⅝	39¾	+⅞
16¾	3⅛	APL			20	16	13¾	13⅝	13⅝	−⅛
55¾	33¾	ARA	2.05	3.9	12	50	53	52	52¾	−⅛
79⅝	50¾	ASA	3a	5.6		165	53½	52⅞	53½	+½
33¾	14⅛	AVX	s .32	1.1	42	83	28½	28	28	−¼
53⅝	38⅛	AbtLab	1	2.2	17	1596	45⅝	45¼	45½	
30¾	23¾	AccoW	n.60	2.0	21	82	29⅝	28¾	29⅝	+⅞
27½	17⅛	AcmeC	.40	1.5		127	26¼	26¼	26¼	−½
14⅝	8⅞	AcmeE	.32b	2.9	550	25	11½	11	11	
24⅞	8⅝	AdmDg	.04	.2	13	32	17¾	17½	17½	−⅛
18¾	15	AdaEx	2.11e	13.		x1119	17⅛	16⅝	16⅝	
19¾	7¾	AdroMl	.24	1.4	8	45	17⅛	17	17	−⅛
16⅝	9¾	Advest	.12	1.0	8	83	12⅝	12⅛	12½	
37½	15½	AMD	s		45	1581	36¾	35⅝	36¾	+¾
24⅝	13⅝	Aerflx	s		16	43	16⅛	16	16	
43½	32⅞	AetnLf	2.64	7.3	9	1127	36	35½	36	−⅛

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅞	27¼	Unocal	1	2.9	9	5229	36½	35½	35⅞	-⅛
68¼	49¼	Upjohn	2.56	4.2	12	417	61¼	60⅝	61	-⅛
30	21⅝	USLIFE	.96	3.5	7	110	27⅝	27	27⅜	+¼
29½	24	USLF	pf2.25	7.8		6	28⅝	28¼	28⅝	+⅜
10	8⅝	UslifeFd	1.04e	11		30	9½	9⅜	9⅜	
25	21¼	UtaPL	2.32	9.8	10	515	23⅝	23½	23¾	+¼
25¼	22¼	UtPL	pf2.80	12		16	24⅜	24¼	24¼	-⅛
27	22½	UtPL	pf2.90	11		17	25½	25⅜	25⅜	-⅛
22	19¼	UtPL	pf2.36	11		93	20⅜	20½	20⅜	
20⅝	16⅝	UtPL	pf2.04	11		13	18¼	18⅛	18⅛	+⅛
		V-V-V								
41½	19½	VFCp	s		8	1028	26¾	26⅛	26¾	+⅛
36¾	17⅞	Valero	.44	2.0	10	326	22⅝	21⅞	22⅛	-⅛
27	24½	Valer	pf3.44	13		63	25¾	25¼	25½	+¼

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

FINANCIAL FUTURES

Liffe to double short sterling contract

THE London International Financial Futures exchange (Liffe) is to double the size of its short sterling contract from £250,000 to £500,000 *writes Mary Ann Sieghart in London.*

The decision was taken at a board meeting of Liffe and has received a favourable response from members of the exchange. The idea is to increase liquidity in the contract.

The short sterling contract is a promise to buy or sell a three-month sterling time deposit. The main traders in the contract are banks, which use it primarily to protect themselves against future changes in interest rates. The new size will be introduced for delivery in March 1985 but will be traded alongside the smaller one from the end of this month.

Liffe is also considering an increase in the size of its currency contracts which have suffered from very low trading volume. The contracts were intended for the smaller user rather than commercial banks, which already use the interbank forward currency market. But demand has been low, so the exchange may decide at its next board meeting in February to try to woo the banks instead.

A study comissioned by Liffe last November has concluded that larger contract sizes or the introduction of currency options might encourage more active trading in the contracts.

EUROPE

Continued from Page 25

in 1983, but the number will be dramatically reduced this year, leaving considerable liquidity available for investment in the market.

Market leader Petrofina, has been widely sought, particularly by institutional investors, and it continued its advance yesterday, adding BFr 280 to BFr 6,950.

The financial sector was again firm, with Groupe Bruxelles Lambert adding BFr 140 to BFr 2,740 and Société Générale de Belgique up BRr 30 to BFr 1,800.

Cockerill Sambre, the state-controlled steel group turned easier, shedding BFr 12 to BFr 205 after Monday's advance, which came in the wake of an agreement between Belgium and Luxembourg to endorse a regional steel plan.

Arbed of Luxembourg which was down BFr 12 on Monday, gave up another BFr 28 to close at BFr 1,270.

Milan continued its record-breaking run with the market index, established in 1972, adding 2.24 to 221.28.

The advance was halted temporarily by a round of profit-taking at midsession, following an announcement by the Consob (bourse commission) raising the deposit requirement for purchases from 30 to 40 per cent.

However, demand revived later allowing prices to rally.

Finsider, the Government-controlled holding company heading the state steel sector, added L1.4 to L48.4 following an announcement that it was to write down its share capital to reflect 1983 losses.

Institutional and private investors took advantage of the weaker dollar to make purchases in **Frankfurt** but the hectic early trading became quieter and prices ended off highs at a quiet close. The Commerzbank index, calculated at midsession, echoed the firmer tendency standing up 11.7 at 1,052.

Energy company Veba added DM 1.40 to DM 170.70 on the second day of the sale of 4.64m shares out of Government holdings.

Meanwhile, heavy demand led to the early closure – after just one day – of an offer of 400,000 shares in Zanders Feinpapiere, the paper group.

Subscriptions for DM 20m of capital, the result of a capital increase, were invited from January 16 to 20 at DM 125 each.

The shares will be listed in Düsseldorf from Monday, where dealers are already reporting, indicated prices of DM 135.

Bond prices rose strongly as the dollar's slide alleviated fears of a possible increase in the 5.5 per cent Lombard rate later this week.

Demand was particularly strong for short-dated paper, while longer maturities saw smaller price rises. The Bundesbank sold DM 53m of domestic paper to balance the market, compared with DM 51.5m sales the previous day.

Amsterdam was also higher after a mixed opening with the ANP-CBS Industrial index rising 2 to a record 139.4. The rise was attributed to continued belief in economic recovery which became the main market factor in the absence of any lead from Wall Street.

Banks proved the strongest sector on heavy foreign buying with ABN up Fl 7 at Fl 106 and NMB Fl higher at Fl 166.

Publisher Elsevier succumbed to profit-taking, shedding Fl 2 to Fl 590, following Monday's Fl 12 advance in the wake of its share split and higher 1983 dividend.

Bonds were unchanged to slightly higher in lacklustre trading.

Shares were mixed to easier in **Zurich** as the market continued to consolidate recent gains. Ciba-Geigy ended SwFr 5 lower at SwFr 2,310 as investors had their first chance to react to the announcement, late Monday, of increased sales in 1983.

A fall in the call money rate and good French trade figures helped to stem profit-taking in **Paris** and shares ended mixed.

Thomson-CSF which dipped on Monday following its weekend announcement of a major contract for Saudi Arabiya, finally drew some benefit adding FFr 11 to FFr 281.

Stockholm was broadly easier. However, Sonesson added SKr 30 to SKr 575 following its further expansion into the biotechnology field through the purchase of Ferrosan.

Shares moved slightly higher in Madrid in quiet trading.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

NEW YORK CLOSING PRICES

Continued from Page 27

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

GERMANY

SPAIN

HONG KONG

SWEDEN

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

SWITZERLAND

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Jan 17	Jan 16	Jan 13	Jan 12	Jan 11	Jan 10	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1271.46	1267.59	1270.1	1279.31	1277.32	1278.48	1286.64 (6/1)	1252.74 (3/1)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	603.05	600.54	602.96	605.84	609.56	608.17	612.63 (9/1)	593.94 (3/1)	612.63 (9/1/84)	12.23 (8/7/32)
Utilities	131.65	130.35	134.3	134.01	133.82	133.62	134.83 (6/1)	131.26 (3/1)	163.32 (20/4/69)	10.65 (28/4/42)
Trading vol 1000's†	9275	9379	1809	-	-	9560	-	-	-	-

	Jan 6	Dec 23	Dec 9	(Year Ago Approx)
Ind div yield %	4.23	4.51	4.47	6.03

STANDARD AND POORS

	Jan 17	Jan 16	Jan 13	Jan 12	Jan 11	Jan 10	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	189.19	188.46	187.94	188.96	189.12	189.2	190.64 (6/1)	185.01 (3/1)	193.22 (22/6/83)	3.52 (30/6/33)
Composite	167.84	167.18	167.02	167.75	167.79	167.85	169.28 (6/1)	164.04 (3/1)	170.99 (12/9/83)	4.4 (1/6/32)

	Jan 11	Jan 4	Dec 28	Year Ago (Approx)
Ind div yield %	3.68	3.70	3.72	4.35
Ind. P/E Ratio	13.74	13.64	13.57	11.30
Long Gov Bond Yield	11.56	11.74	11.76	10.41

N.Y.S.E. ALL COMMON

Jan 17	Jan 16	Jan 13	Jan 12	1983-84 High	1983-84 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Jan 17	Jan 16	Jan 13
Issues traded	2052	2039	2018
Rises	898	712	735
Falls	729	891	894
Unchanged	425	436	389

MONTREAL

	Jan 17	Jan 16	Jan 13	Jan 12	1983-84 High	1983-84 Low
Industrials	445.98	444.76	446.22	447.52	451.4 (6/1)	443.06 (3/1)
Combined	429.3	428.84	430.14	431.8	433.87 (6/1)	426.45 (3/1)
TORONTO Composite	2565 1	2562.9	2565.4	2577.1	2585.7 (6/1)	2561.5 (3/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Jan. 17	Jan. 16	Jan. 13	Jan. 12	1983/84 High	1983/84 Low
AUSTRALIA						
All Ord. (1/1/80)	786	789.8	775.0	778.2	797.9 (9/1/84)	487.9 (4/1/83)
Metals & Minls. (1/1/80)	627.6	635.2	641.1	645.1	614.2 (5/8)	411.8 (4/1/83)
AUSTRIA						
Credit Aktien (2/1/62)	55.44	55.53	55.15	55.80	59.8 (5/6)	48.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	144.23	142.04	141.02	140.29	144.23 (17/1/84)	100.59 (4/1/83)
DENMARK						
Copenhagen SE (3/1/83)	218.06	221.35	221.8	219.98	225.54 (16/1/84)	100.00 (3/1/83)
FRANCE						
CAC General (31/12/82)	167.2	167.8	167.5	166.0	167.6 (16/1/84)	98.1 (4/1/83)
Ind Tendance (30/12/83)	108.1	108.5	108.6	106.9	108.6 (15/1/84)	98.4 (3/1/84)
GERMANY						
FAZ-Aktien (31/12/58)	356.78	351.92	353.32	355.15	359.98 (9/1/84)	241.89 (25/1/83)
Commerzbank (1/12/53)	1052	1040.3	1043.6	1050.8	1065.4 (9/1/84)	727.9 (25/1/84)
HONG KONG						
Hang Seng Bank (31/7/64)	989.72	975.17	975.47	978.56	1102.64 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	221.28	219.04	212.34	207.24	221.28 (17/1/84)	160.48 (10/1/83)
JAPAN**						
Nikkei-Dow (16/5/49)	10155.57	(c)	10180.9	10104.1	10155.57 (17/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	765.93	(c)	762.24	757.44	765.93 (17/1/84)	574.51 (25/1/83)
NETHERLANDS						
ANP-CBS General (1970)	165.6	164.2	164.2	165.0	167.7 (5/1/84)	108.1 (4/1/83)
ANP-CBS Indust (1970)	139.4	137.4	136.6	134.5	139.4 (17/1/84)	93.5 (4/1/83)
NORWAY						
Oslo SE (4/1/83)	(u)	234.98	233.6	231.85	234.98 (16/1/84)	99.81 (4/1/83)
SINGAPORE						
Straits Times (1966)	1045.63	1042.58	1033.21	1040.61	1043.69 (17/1/84)	712.29 (5/1/83)
SOUTH AFRICA						
Gold (1958)	(u)	908.4	927.4	939.2	1099.5 (1/2)	861.4 (11/1)
Industrial (1958)	(u)	985.9	992.4	990.7	1004.4 (9/1/84)	784.9 (5/1/83)
SPAIN						
Madrid SE (30/12/83)	106.56	106.24	105.63	104.48	106.24 (13/1/84)	100.00 (30/12/83)
SWEDEN						
Jacobson & P. (1/1/58)	(u)	1526.5	1530.23	1615.65	1630.23 (12/1/84)	859.10 (5/1/83)
SWITZERLAND						
SwissBankCpn.(31/12/58)	383.2	386.0	384.5	381.5	388.7 (3/1/84)	294.4 (4/1/83)
WORLD						
Capital Intl. (1/1/70)	—	186.7	186.1	185.9	187.1 (6/1/84)	184.3 (3/1/83)

**Saturday January 7: Japan Nikkei-Dow 9,982.4. TSE 743.17.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity boom falters as profit-taking develops and index slips back 6.6 to 807.1

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Suggestions that the London equity boom may have gone too far, coupled with Wall Street's continuing lacklustre performance were good enough reasons for a technical reaction in markets yesterday. Leading industrials retreated quite sharply from record levels as short-term investors thought it prudent to realise some of the large profits built up over the past few weeks.

Sentiment was additionally affected by comment on the implications of the current retail spending boom. Double-figure falls were sustained but leading shares managed to edge away from the lowest of the day owing to a later revival of demand. Down 1.4 at 10 am, the FT Industrial Ordinary share index extended the loss to 10.5 at 1 pm before rallying to close 6.6 down on balance at 807.1.

Of the sectors, Electricals encountered above-average selling which initially unsettled a sector awaiting interim figures from Racal today, and still mindful of the recently disappointing results from Thorn EMI.

Interest elsewhere continued to be centred on speculative and situation stocks, or those companies about to report trading statements. Monday's star performer, Strong and Fisher, attracted another sizeable turnover following the announcement of Mr Asil Nadir's stake, but sellers held sway yesterday and the shares fell 10 to 220p. Pleasing preliminary figures took Arthur Guinness up 8 to 135p.

An uninspiring performance by sterling against the dollar yesterday put a dampener on Gilt-edged market proceedings. Early quotations were a shade firmer but investors showed little enthusiasm, being content to reserve funds for today's £1bn new tap stock issue. Applications for Treasury 10 per cent Convertible 1990, £20 payable on tender at a minimum price of £95.75, must be lodged at branches of the Bank of England by 10 am this morning; indications, late yesterday, were that the issue would be oversubscribed.

Mainly reflecting the lack of interest, longer-dated Gilts gave up initial gains of ½ to close around that much lower on the session. The shorts moved similarly with the exception of selected low-coupon stocks which advanced on a specialist demand from high-tax payers. Exchequer 2½ per cent 1987, due to be quoted clean this morning, rose ⅛ to 84⅛.

Phoenix easier

The liquidation of speculative positions in the absence of the recently rumoured bid from Allianz clipped 15 from Phoenix at 452p. Other Composites gave ground on fears of substantial claims arising from the recent inclement weather engulfing the North of England. General Accident dipped 10 to 465p as did Royal to 525p, while GRE relinquished 7 to 525p. Among Life issues, Britannic, 515p, met profit-taking and lost 10 of the previous day's gain of 39. Against the trend, Allianz rallied 4¾ to £206¾.

The major clearing banks staged a modest rally. Barclays put on 9 to 527p and NatWest added 8 to 678p. Discounts made progress in places with Cater Allen, 475p, and Gerrard and National, 268p, up 10 and 8 respectively. Minster Assets fell 8 to 114p on profit-taking; the Kuwaiti Investment Office has recently acquired Britannia Arrow's near-19 per cent stake.

Arthur Guinness justified the recent re-rating, revealing a 15.5 per cent increase in preliminary profits, and advanced 8 more to 135p. Other leading Breweries failed to take heart from the news and drifted easier for want of attention. Arthur Bell eased a couple of pence to 150p on news that the Kuwait Investment Office had tendered for 0.99m shares in Gleneagles at 275p per share—50p above the unwelcome offer from Bell.

Leading Buildings held up well. Some even made progress with Redland gaining 6 to 274p on the group's conclusion of a number of interest rate exchange agreements. Costain, still reflecting the £52m Australian construction contract, rose the same amount to 272p, while Blue Circle hardened a couple of pence to 442p and Tarmac improved 4 to 458p. Taylor Woodrow, however, a strong market on Monday following suggestions of a management shake-up, came back 15 to 650p, and SGB shed 6 to 144p after comment on the annual results. Elsewhere, Countryside advanced 16 to 212p in response to good preliminary figures, the property revaluation and Board's cheerful statement. Ruberoid attracted revived demand in a limited market and put on 10 to 273p, while Johnstones Paints, also a narrow market, advanced 8 for a two-day gain of 13 to 98p.

Strong & Fisher volatile

ICI, easier initially in line with other blue chip equities, picked up on revived U.S. demand to close only 2 cheaper on balance at 644p, after 640p. Sporadic selling in front of today's interim results clipped 7 from Allied Colloids, at 338p.

Monday's announcement that Mr Asil Nadir's Restro Investments is to take a near-25 per cent stake stimulated another active trade in Strong and Fisher; opening easier at around 226p, the shares dipped to 197p before rallying to 225p and settling a net 10 cheaper at 220p. Stylo were also lively, falling to 303p before a close of 308p, down 5 on balance. Recent support of leather stocks directed interest towards Ellis and Goldstein, which advanced 2½ to 37½p.

Leading Stores failed to attract follow-through support in the wake of the 5¼ per cent expansion in annual retail sales volume. Although a steadier tone was evident after the official close, falls remained in the majority. Gussies A shed 6 to 622p, after 620p, while Marks and Spencer, 230p, and House of Fraser, 246p, eased 4 apiece. Exceptions included Woolworth, which responded to fresh speculative interest in a thin market and rose 5 more to 363p. Burton, down to 458p initially rallied following the confident tenor of the chairman's statement at yesterday's annual meeting to finish 2 dearer on balance at 466p.

Secondary Stores were again overshadowed by the major retailers, but the odd noteworthy counter emerged. Ramar attracted speculative buyers and improved 8 to 31p, while Lincroft Kilgour firmed a few pence at 73p following sharply increased full-year profits. In contrast, mid-term earnings from MFI were deemed a shade disappointing and the shares, firm recently, reacted to 152p before a close of 156p, down 3 on balance. Harris Queensway gave up 6 to 316p in sympathy.

Leading Electricals rallied after initial selling. Racal, a particularly nervous market in front of today's half-year statement, settled only a penny off at 203p, after 197p. Elsewhere, Mnemos were good again at 63p, up 11, while Combined Technology improved 3 to 33p. Press mention directed buying attention to Cable and Wireless, 7 to the good at 302p.

With the exception of Hawker, down 8 at 380p, leading Engineers held up well. Selective buying was still being shown for secondary issues, with Birmid Qualcast, up 4½ more at 58p, continuing to benefit from acquistion news. Rises of around 4 were also recorded in Crown House, 105p, Deritend, 100p, and Glynwed, 135p. Westwood Dawes met with speculative demand and put on 9 to 63p. Davy Corporation, in contrast, were a nervous market and fell 6 to 50p, after 47p, ahead of Friday's interim results.

With the exception of Unigate, which attracted institutional demand ahead of the dividend payment and firmed 4 to 118p, leading Foods held close to overnight levels. Tate and Lyle hardened a couple of pence to 415p awaiting today's preliminary figures; analysts are expecting profits of around £55m. Among secondary issues, J. E. England put on 4 to 29p on speculative interest.

Rowton Hotels were again outstanding and advanced 17 for a two-day gain of 37 to 210p on takeover hopes.

Low and Bonar good

Low and Bonar featured with a rise of 12 at 162p following the encouraging statement on second-half trading plus the proposed partial public issue of Common shares in the company's wholly-owned Canadian subsidiary Bonar Inc. Western Board Mills advanced 8 to 228p in response to interim figures, but disappointing annual results left Cosalt 4 down at 51p, after 49p. Profit-taking clipped 7 from British Aerospace, at 237p. Restmor improved 5 more to 165p on good first-half figures, while Relyon put on 8 to 115p in sympathy. Booker McConnell, still the subject of U.S. bid rumours, were again actively traded and moved between 112p and 101p before settling a couple of pence cheaper on balance at 107p. Revived demand left Wedgwood 8 dearer at 143p, while institutional support prompted a gain of 6 to 226p in English China Clays. Profit-taking after the half-year results saw Armour Trust react to 27p before recovering to close 2½ lower on the day at 28½p. Cleaning issues to make progress included Sunlight Service, 8 higher at 240p, and Pritchard Services, 2½ dearer at 125½p. Profit-taking left its mark on miscellaneous industrial leaders, although most quotations ended above the worst. BOC settled 6 off at 291p, Glaxo 15 lower at 785p, and Beecham 5 down at 315p.

The Leisure sector displayed a dull feature in Adams Leisure which plummeted 28 to 62p following the chairman's profits warning at the annual meeting. Elsewhere, Trident TV firmed 2 to 130p following the good preliminary results. Management Agency and Music met with speculative support and put on 8 *to 115p, but Medminster* continued to give ground in the wake of a Press "sell" recommendation and shed 5 to 83p.

AE advanced 6½ for a two-day gain of 13 at 84½p on strong feelings that, given Monopolies Commission clearance, GKN will have substantially to increase its original £68m bid to gain control.

Poster advertising concern More O'Ferrell attracted persistent speculative demand and spurted 20 to 90p.

Leading Properties ended a touch off in places, but Secondary issues were again selectively supported and produced the sector's only significant movements. A broker's recommendation prompted interest in Espley-Tyas which put on 8 to 92p. Stockley Developments were again actively traded and *advanced 6 to 72p, while USM* property concern Hardanger gained 9 to 157p largely reflecting the efforts of one sizeable buyer.

Shippings were highlighted by Milford Docks which improved 8 to 53p on talk of the company's possible involvement in Irish Sea oil exploration.

Bats continued to attract U.S. support and rose 9 for a two-day gain of 20 at 207p.

Oils active

Dealings in British Empire Securities and General Trust were suspended at 28p pending an announcement. Among Financials, Kakuzi hardeed 5 to 85p in response to the third-quarter figures.

Oils were active throughout the day. Initially firm, the sector retreated across the board amid rumours that Nigeria had reduced oil prices. A subsequent official denial of the rumour quickly brought buyers back on to the scene and the leaders generally closed unaltered or a shade easier on balance. Shell and Burmah closed down 3 apiece at 587p and 171p respectively, while LASMO were finally a fraction harder at 298p, after extremes of 303p and 296p still in response to talk of encouraging drilling results from the appraisal well currently being tested on the Tiffany field in the North Sea. The members of the Dorset Bidding Group made early progress, reflecting the Government's decision in their favour regarding the purchase terms for the Wytch Farm oilfield in Dorset, but closed below the day's best levels. Carless Capel ended 3 to the good at 205p, after 208p while Tricentrol touched 200p prior to closing unchanged on balance at 195p. Irish exploration stocks were highlighted by Aran Energy which moved up 5 to 82p. Atlantic Resources added 10 at 710p. Elsewhere, recently firm Saxon Oil encountered profit-taking and retreated 12 to 278p.

Lonrho, down to 114p earlier, rallied to close a net 3 better at 119p; the company has denied rumours that the successful Whyte and Mackay whisky division is up for sale. Lonrho has *also been granted permission for* the transfer of a casino licence to 45, Park Lane in London.

Mining markets remained under pressure owing to a combination of depressed precious and base-metal prices, and currency movements.

London Financials ran into heavy selling in the morning, reflecting the recent weakness of metal prices and the sterling exchange rate, but rallied later to close well above the day's lowest.

Rio Tinto-Zinc, easily the most active stock in mining markets, dropped to 637p prior to closing a net 13 down at 650p; the recovery stemmed from a later reversal of the initial downturn in metals. Charter Consolidated fell to 243p but picked up to close 9 lower on balance at 248p.

South African Golds fell sharply for the third successive day. Another poor performance in overnight New York markets caused an initial mark-down of share prices, which subsequently retreated further owing to a general lack of interest and bullion's apparent reluctance to move above the $370 level. The latter closed a net $1 firmer at $368.125.

The sharemarket staged a minor rally in late trading, helped by the trend in sterling against the dollar, but losses remained sufficient to produce a 22.6 fall to 520.2 in the FT Gold Mines index.

The chief casualties in Golds were Randfontein, which dropped £1½ to £88½, and Western Areas, 17 off at 348p ahead of exceptionally good December quarter profits.

Elsewhere, falls of around a full point were common to Winkelhaak, £29½, Buffels, £33½, and Western Deep, £33, the last-named ahead of the dividend due tomorrow, along with declarations from Elandsrand, South African Land, Southvaal and Vaal Reefs.

Currency considerations inhibited activity in Australians. Further widespread losses in overnight Sydney and Melbourne markets as well as the initial firmness of sterling led to a general mark-down, but London tended to rally in the after-hours' trading. Among the leaders, MIM gave up 5 more at 221p and Bougainville closed 3 cheaper at 155p.

Elsewhere, South Africa's antimony/gold producer Consolidated Murchison were finally unchanged at 800p, after 740p, in front of the quarterly results.

Demand for Traded Options slackened slightly with total contracts struck amounting to 3,416 comprising 2,563 calls and 853 puts. Lasmo were again wanted on hopes of a rerating of the North Sea Tiffany field and recorded 307 calls, while Courtaulds and GKN attracted 348 and 332 calls respectively. Operators also displayed enthusiasm for GEC positions, especially the January 200 calls which attracted 220 trades.

FINANCIAL TIMES STOCK INDICES

	Jan. 17	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	year ago
Government Secs	83.27	83.33	83.35	83.00	82.98	83.68	78.62
Fixed Interest	87.18	87.15	87.22	87.04	87.07	87.22	80.46
Industrial Ord.	807.1	813.7	808.1	798.0	790.0	795.8	614.8
Gold Mines	520.2	542.8	548.6	554.6	546.6	542.5	656.3
Ord. Div. Yield	4.42	4.38	4.40	4.45	4.49	4.46	4.86
Earnings, Yld.% (full)	9.22	9.14	9.00	9.09	9.19	9.12	10.40
P/E Ratio (net) (*)	13.26	13.37	13.54	13.41	13.27	13.36	11.56
Total bargains	28,007	31,027	27,200	25,569	24,030	26,591	24,768
Equity turnover £m.	—	314.53	531.76	286.72	330.70	289.25	200.71
Equity bargains	—	27,147	28,059	22,042	25,019	25,276	21,144
Shares traded (ml)	—	196.8	285.5	176.7	207.7	183.8	133.1

10 am 812.3. 11 am 810.4. Noon 806.0. 1 pm 803.2. 2 pm 803.2. 3 pm 805.6.

Basis 100 Govt. Secs. 8/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=12.48

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.23 (9/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	813.7 (16/1/84)	598.4 (12/1/83)	813.7 (16/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (11/1/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 16	Jan. 13
—Daily		
Gilt Edged Bargains	224.4	208.6
Equities Bargains	175.9	181.8
Value	655.7	1074.8
5-day Avr'ge		
Gilt-Edged Bargains	195.9	186.3
Equities Bargains	166.6	171.9
Value	708.6	707.8

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Tues Jan 17 1984.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Jan 16 Index No.	Fri Jan 13 Index No.	Thur Jan 12 Index No.	Wed Jan 11 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (205)	492.47	−0.4	8.59	3.60	15.09	494.59	491.10	484.73	484.81	432.88
2	Building Materials (25)	467.23	+0.2	10.70	4.51	11.68	466.09	464.87	454.62	452.97	411.62
3	Contracting, Construction (32)	730.56	−0.3	12.92	4.89	9.66	732.67	725.26	718.51	712.35	743.30
4	Electricals (15)	1764.57	−1.7	6.89	3.83	18.45	1795.71	1769.24	1747.62	1729.59	1663.24
5	Electronics (24)	1731.33	−0.8	8.14	2.13	16.13	1744.70	1726.92	1721.50	1731.88	0.00
6	Mechanical Engineering (64)	227.16	−1.0	10.36	4.98	11.99	229.40	228.14	223.16	222.04	201.11
8	Metals and Metal Forming (9)	191.10	+0.6	8.62	6.14	15.13	189.94	185.29	182.80	182.24	162.24
9	Motors (17)	131.83	+0.6	1.34	4.11	—	131.00	130.33	128.10	127.27	80.07
10	Other Industrial Materials (19)	627.96	+0.3	5.06	3.54	26.22	626.37	630.88	620.36	618.25	377.80
21	CONSUMER GROUP (196)	484.64	−0.3	9.91	4.15	12.36	486.25	484.18	478.91	474.54	403.31
22	Brewers and Distillers (23)	458.46	−0.6	12.67	5.23	9.88	461.22	460.12	456.59	454.44	409.83
25	Food Manufacturing (22)	390.96	—	11.89	5.22	9.83	390.82	389.82	385.75	383.74	330.82
26	Food Retailing (12)	1104.59	−0.4	7.50	2.64	17.14	1109.37	1114.54	1109.92	1106.01	852.99
27	Health and Household Products (9)	755.00	−1.3	6.23	2.91	18.85	765.29	769.43	753.14	737.98	738.33
29	Leisure (23)	626.69	—	8.70	4.36	14.80	626.99	624.85	626.55	622.41	472.64
32	Newspapers, Publishing (15)	1154.63	−0.1	7.68	4.21	15.57	1155.98	1148.79	1138.69	1128.24	699.86
33	Packaging and Paper (15)	227.83	−0.2	10.41	4.39	11.98	228.19	226.50	224.78	221.84	154.25
34	Stores (47)	442.30	−1.2	7.73	3.50	17.58	447.60	446.33	439.22	432.44	349.34
35	Textiles (19)	262.45	−0.5	11.51	4.50	10.05	263.69	262.54	257.05	255.72	177.66
36	Tobaccos (3)	578.30	+3.3	17.19	5.53	6.51	559.84	538.20	537.22	539.39	466.37
39	Other Consumer (8)	476.74	+1.7	9.95	5.39	—	468.58	466.44	457.19	458.18	350.43
41	OTHER GROUPS (83)	436.48	−0.1	7.74	4.04	16.27	436.80	435.25	428.58	425.33	298.60
42	Chemicals (16)	636.83	−0.7	6.93	4.01	19.12	641.37	640.12	629.05	625.98	394.23
44	Office Equipment (5)	119.91	−2.0	8.72	4.78	14.30	122.42	120.54	119.53	117.91	89.03
45	Shipping and Transport (14)	820.64	−0.2	7.74	4.94	17.47	822.53	823.25	817.68	803.47	548.68
46	Miscellaneous (48)	564.30	+0.8	8.43	3.80	14.21	560.03	557.24	548.31	544.26	422.91
49	INDUSTRIAL GROUP (484)	485.98	−0.3	9.13	3.96	13.69	486.65	484.19	478.25	475.44	399.71
51	Oils (16)	959.41	−0.2	11.63	6.17	10.45	961.61	953.09	959.63	951.23	746.13
59	500 SHARE INDEX	524.70	−0.3	9.52	4.30	13.05	526.32	523.34	518.48	515.20	428.46
61	FINANCIAL GROUP (124)	384.42	−0.3	—	5.04	—	385.44	385.05	378.54	376.29	279.72
62	Banks (6)	396.28	+0.9	21.68	6.47	5.01	392.49	397.03	382.51	379.93	291.02
63	Discount Houses (8)	387.81	+2.3	—	7.04	—	379.08	378.59	369.10	371.10	281.47
65	Insurance (Life) (9)	527.61	—	—	4.26	—	527.63	519.80	514.87	515.41	346.95
66	Insurance (Composite) (10)	260.98	−1.6	—	5.88	—	265.31	263.15	258.51	253.97	189.11
67	Insurance Brokers (7)	674.55	−0.7	10.19	4.38	13.45	679.57	678.28	673.70	675.06	542.87
68	Merchant Banks (12)	248.51	−0.5	—	3.82	—	249.65	248.64	248.17	248.46	159.72
69	Property (54)	548.13	−0.2	5.55	3.60	24.18	549.01	549.13	546.22	543.64	420.78
70	Other Financial (18)	270.52	−0.8	9.87	5.82	12.16	272.61	274.35	269.25	268.68	204.23
71	Investment Trusts (107)	509.30	−0.1	—	3.50	—	509.74	509.90	504.82	505.17	389.94
81	Mining Finance (4)	301.63	−1.5	8.74	4.84	14.05	306.11	306.90	296.25	295.49	268.71
91	Overseas Traders (15)	543.50	+0.2	7.03	6.89	20.27	542.61	542.71	539.67	533.04	433.66
99	ALL-SHARE INDEX (750)	491.39	−0.3	—	4.42	—	492.90	490.01	485.32	482.49	392.79

FIXED INTEREST

	PRICE INDICES	Tues Jan 17	Day's change %	Mon Jan 16	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	118.10	−0.01	118.11	—	0.72
2	5-15 years	131.67	−0.14	131.86	—	1.01
3	Over 15 years	142.30	−0.24	142.65	—	0.00
4	Irredeemables	152.74	—	152.74	—	0.00
5	All Stocks	130.44	−0.12	130.60	—	0.70
6	Debentures and Loans	108.74	+0.07	108.66	—	0.06
7	Preference	80.91	—	80.91	—	0.14

	AVERAGE GROSS REDEMPTION YIELDS		Tues Jan 17	Mon Jan 16	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.27	9.29	8.94
2		15 years	10.00	9.97	10.56
3		25 years	9.73	9.70	10.81
4	Medium Coupons	5 years	10.93	10.91	11.72
5		15 years	10.57	10.53	11.67
6		25 years	9.98	9.95	11.19
7	High Coupons	5 years	11.09	11.06	11.83
8		15 years	10.74	10.71	11.86
9		25 years	10.06	10.04	11.39
10	Irredeemables†		9.65	9.65	10.78
11	Debs & Loans	5 years	11.49	11.51	12.58
12		15 years	11.49	11.50	12.58
13		25 years	11.49	11.50	12.59
14	Preference†		12.26	12.26	13.19

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FIXED INTEREST COUPON BAND CHANGES: Low 2½ to 9½%, Medium to 12¼% and High 12½ to 15½%

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$350	—	—	10	35	—	—	$368
GOLD C	$375	45	6	8	20	—	—	"
GOLD C	$400	—	—	20	10	18	17 A	"
GOLD C	$425	—	—	17	5	4	10	"
GOLD C	$450	11	0.50	10	2.50	—	—	"
GOLD P	$350	20	2	6	6	—	—	"
GOLD P	$375	5	9.50	1	13	1	13.50	"
GOLD P	$400	15	33.50	—	—	3	31 B	"
		March		June		Sept.		
SILV C	$8	4	0.45	6	0.90	13	1.20	$7.99
SILV C	$9	34	0.20	7	0.55	15	0.81	"
SILV C	$10	30	0.05	14	0.30	5	0.45	"
SILV C	$11	—	—	13	0.15	—	—	"
SILV P	$8	—	—	2	0.70 B	—	—	"
SILV P	$11	—	—	1	3.15	—	—	"
		Jan.		April		July		
ABN C	F.400	83	7	286	22	38	27	F.406
ABN C	F.420	2	0.40 B	130	12.50	—	—	"
AKZO C	F.80	86	26.50	52	28	3	28	F.106.70
AKZO C	F.90	149	16.50	98	19.50	45	21	"
AKZO C	F.100	213	6.80	298	12	59	14.50	"
AKZO C	F.110	—	—	274	7	256	9.70	"
AKZO P	F.90	—	—	85	0.90	35	2	"
AKZO P	F.100	—	—	148	2.60	191	5.50	"
AKZO P	F.110	—	—	104	7	10	10 A	"
AMRO C	F.60	24	12.80	98	14.40	22	15	F.72.90
AMRO C	F.65	152	7.80	212	9	66	10.50	"
AMRO C	F.70	430	3.10	315	6.30 A	132	8.30	"
AMRO C	F.75	—	—	545	4	61	5.30	"
AMRO P	F.70	—	—	108	2.50	10	4.50	"
HEIN C	F.130	392	13.20	314	17	120	18	F.143.30
HEIN C	F.140	809	4	750	11.50	72	13.30	"
HEIN P	F.130	—	—	189	1.40	80	3.80	"
HEIN P	F.140	307	1	569	5 A	50	7	"
HOOG C	F.40	210	13.20	72	14.20	12	15	F.53.30
HOOG C	F.50	—	—	94	7.40	67	9.50	"
HOOG C	F.55	—	—	246	5	82	6.80	"
HOOG P	F.50	—	—	126	2.50	30	4.10	"
KLM C	F.180	83	32	19	36.50	2	41	F.212
KLM C	F.200	46	12.50	86	21.50	25	27	"
KLM C	F.220	—	—	161	12.50	13	15.50	"
KLM P	F.190	—	—	130	2.50	—	—	"
KLM P	F.200	—	—	92	4.30	—	—	"
NATN C	F.220	—	—	114	12	3	18	F.222
PETR C	Fr.6500	73	410	28	660	135	850	Fr.6950
PHIL C	F.40	73	6	76	7.80	15	8.10	F.46
PHIL C	F.45	472	1.50	331	4.90	62	5.90	"
PHIL C	F.50	178	0.10	592	2.30	260	3.20	"
PHIL C	F.55	—	—	242	1.30	—	—	"
PHIL P	F.40	30	0.10	622	1	46	2	"
PHIL P	F.45	93	0.40	447	2.60	146	3.80	"
PHIL P	F.50	30	3.80	89	5.30	25	6.50	"
RD C	F.120	21	24 B	100	27	—	—	F.144
RD C	F.130	86	14 B	338	18.80	57	19.50	"
RD C	F.140	493	4.10	237	11.10	363	13.30	"
RD C	F.150	632	0.20	465	6.60	315	8.50	"
RD P	F.140	2	0.60	505	3.40	444	6.80	"
UNIL C	F.260	3	12.50 B	99	20.50	80	26	F.272.90
UNIL C	F.280	—	—	85	9.80	77	14	"
EOE C	F.150	3	25.50	—	—	—	—	F.177.21

TOTAL VOLUME IN CONTRACTS: 22,997

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
33	F.P.	21/12	34	28	✤Brawmaker 1p	32	+1	—	—	—	17.3
¶455	F.P.	10/2	455	393	Brit. Petroleum	408	+1	20.25	1.9	7.1	11.4
¶275	100	2/3	120	96	Cable & Wireless 50p	120	+3	th5.47	3.5	6.5	5.2
¶75	F.P.	20/1	78	68	Dataserv Inc. 5c	78	......	bQ1.5	5.1	1.3	15.3
‖	F.P.	—	255	225	✤Gibbs Mew	225		14.65	1.6	3.0	29.4
95	F.P.	31/1	96	90	Henara 10p	94	+5	b2.8	2.6	4.3	12.8
§137	F.P.	6/1	148	138	✤High-Point Serv. 10p	143	......	u3.0	3.4	3.0	11.3
§85	F.P.	18/1	87	85	✤J'hnsn&Jorg'nsn 10p	85	......	b3.15	2.1	5.3	11.7
§139	F.P.	10/1	185	168	✤Kenyon Securities	178	−2	b9.38	1.7	7.5	18.9
¶150	F.P.	—	155	136	Ldn. & Edin'gh Tst. 10p	152	......	b5.25	2.5	4.9	9.6
§40	F.P.	20/1	41	37	✤MME facilities 10p	38	......	b0.7	3.3	2.6	12.9
§96	F.P.	16/1	102	93	✤Mebon 10p	102	+2	b3.4	2.0	4.8	14.2
§195	F.P.	25/1	240	215	✤Moray F. Malt'gs 50p	225	...	b7.0	2.7	4.4	9.3
§33	F.P.	—	42½	34	Palma Group	40	......	ud2.0	0.8	7.1	27.4
§140	F.P.	20/1	165	146	✤Pericom 10p	158		u1.7	4.9	1.5	16.2
¶¶	F.P.	—	72	60	StockleyDevel'mts 10p	72	+5	—	—	—	—
100	F.P.	27/1	95	85	✤Synterals 10p	90	...	—	—	—	—
§135	F.P.	—	145	135	✤TyneTeesTVAN/V£1	145		8.25	2.4	8.1	7.4
¶130	F.P.	17/2	174	131	VG Instruments 10p	170	−4	b1.4	5.6	1.2	21.8
§10	F.P.	—	18	15	✤Welpac 10p	18	+½	bg0.2	4.1	1.6	13.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	128	122	Allied Textile 10% Cnv. Uns. Ln. 1993	135	......
‖	F.P.	6/1	124	110	Arlen Elect. 11¾% Cnv. Ln. 1990	115	......
99	F.P.	16/2	99½	98½	Colne Valley Water 6% Red. Prf. '90	99	..
¶¶	F.P.	9/2	133	115	Crystalate 8¼% Cnv. Ln. 2003	128	−1
99.15	£25	22/3	25¼	24¾	Elf (U.K.) 12¼% Uns. Ln. '91	25½	...
—	F.P.	7/1	110	100	External Inv. 8% Cnv. Ln. 2003-08	110	
99.714	£30	26/4	33⅛	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	33	−⅛
97.268	£25	23/1	30⅞	25	Ireland 12½% 2008	30⅞	
100	F.P.	—	100½	99	Kensington & Chelsea 11.15% Red. 2006	100½	−¼
‖	£30	10/11	47	30½	Lon. Shop Prop. 9pc Cnv. 94-99 Ser II.	46	..
§95.711	£25	—	25	24½	MEPC 10½pc 1st. Mort. Deb. 2024	25	..
§100	£10	1/3	15	10¾	Mid Kent Wtr. 12pc. Red Deb. 1993	12	...
—	F.P.	—	100⅞	100	Nationwide 10½% Bds. 24-12-84	100⅛	...
¶¶	F.P.	—	30p	28½p	Palma Group 5½% Cum. Prf. £1	30p	....
99.44	£25	13/4	27¾	25¼	Queens Moat 12% 1st Mort. Deb. 2013	27¼	...
99.893	£30	21/3	31	29¾	Spain 12% Ln. 1988	30⅛	....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
345	F.P.	—	6/1	450	340	✤Air Call	445	..
300	Nil	—	—	120pm	109pm	Carlton Communications 5p	115pm	+5
92	Nil	—	10/2	46pm	21pm	Charterhouse Pet.	43pm	−3
160	Nil	—	—	40pm	36pm	Ellis & Everard	40pm	+2
32	Nil	—	24/2	9pm	5pm	Herman Smith 10p	9pm	+2
32	Nil	—	—	2½pm	2½pm	Jones (Edward) 10p	2½pm	
300	F.P.	—	2/2	390	335	McCarthy & Stone 20p	390	
30	Nil	—	9/3	28pm	19pm	Meggitt 5p	19pm	−3

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Φ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ● Provisional or partly-paid allotment letters. ■ Allotment letters (or fully-paid). ★ With warrants. ‖‖ Introduction. □ Issued to former preference holders. ‡ Effective issued price after scrip. † Formerly dealt in under special rule. ✤ Unlisted Securities Market. C Canadian.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	53	40
Corpns. Dom. & Foreign Bonds	5	5	69
Industrials	302	321	780
Financial & Props.	113	110	298
Oils	20	30	69
Plantations	5	7	8
Mines	7	106	57
Others	26	91	62
Totals	487	723	1,383

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (166)

BRITISH FUNDS (5)
AMERICANS (2)
BANKS (6)
BREWERS (1)
BUILDINGS (7)
CHEMICALS (3)
STORES (9)
ELECTRICALS (6)
ENGINEERING (7)
FOODS (4)
HOTELS (2)
INDUSTRIALS (39)
INSURANCE (4)
LEISURE (3)
MOTORS (5)
NEWSPAPERS (3)
PAPER (2)
PROPERTY (6)
SHIPPING (1)
TEXTILES (4)
TOBACCOS (2)
TRUSTS (35)
OILS (2)
PLANTATIONS (5)

NEW LOWS (9)

BUILDINGS (1)
Crouch Group
LEISURE (2)
Adam Leisure Nimslo Internatl.
PAPER (1)
Brunning Group
TRUSTS (2)
Mezzanine Cap. Ptg. Pf. Flextech
OILS (1)
Europa Petroleum
MINES (2)
Samson Exploration Seltrust Hldgs.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 9	Jan 20	Apr 2	Apr 16
Jan 23	Feb 3	Apr 26	May 8
Feb 6	Feb 17	May 10	May 21

For rate indications see end of Share Information Service

Money was given for the call of G. M. Firth, London and Liverpool, Saxon Oil, William Jacks, Bula, Rank Organisation, RHM, Carpets International, Booker McConnell, UKO, Scottish and Newcastle, Raglan Property Trust, Mnemos, Bristol Oil and Minerals, Tozer Kemsley and Millbourn, Inter-City, North Kalgurli, Bowater, Phoenix Assurance, British Car Auction, Kean and Scott, Hawtin, Aran Energy, Racal Electronics, Meekathara, F. J. C. Lilley and Combined Technologies. A put was done in J. E. England, while doubles were taken out in British Oil and Minerals and London and Liverpool.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Strong & Fisher	49	230	+37
Ingram Harold	20	313	−45
I. C. Gas	17	268	+15
Mnemos	16	52	+8
Phoenix Assur	16	467	+9
BICC	15	285	+10
GKN	15	192	+10
LASMO	15	297	+20
Royal Insur	15	535	+10
Lon & Liv Tst	14	14½	+3½
Pearl Assur	14	850	+20
Ferranti	13	700	+20
RHM	13	90	+6
UKO Intnl	13	115	+13

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
AE	84½	+6½
Booker McConnell	107	−2
Charter Cons	248	−9
Guinness (A)	135	+8
LASMO	298	+1
Racal Elects	203	−1
Redland	274	+6
RTZ	650	−13
Saxon Oil	278	−12
Shell Transport	587	−3
Stockley Devs	72	+6
Strong and Fisher	220	−10

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*400)	360	44	—	—	1	—	—
	390	17	30	38	3	16	22
	420	2	16	26	22	38	42
	460	1	7	12	60	70	75
Cons. Gold (*509)	460	52	70	85	1	12	16
	500	20	47	57	12	30	37
	550	1	22	37	47	57	65
	600	1	9	—	95	100	—
	650	1	3	—	145	145	—
Courtaulds (*132)	76	59	—	—	—	—	—
	86	46	—	—	1	—	—
	90	—	45	48	—	1	2
	96	38	—	—	1	—	—
	100	—	36	39	—	2	3
	110	24	27	30	1	3	4
	120	14	18	21	1	4	5
	130	5	11	15	3	7	9
	140	—	5	9	—	13	15
Com. Union (*193)	140	55	58	61	1	1½	3
	160	35	39	43	1	4	5
	180	15	21	27	1½	9	12
	200	2	10	13	10	18	21
G.E.C. (*196)	160	38	44	52	1	2	3
	180	18	26	36	2	4	9
	200	4	16	24	8	12	18
	220	1	7	13	26	27	28
Grand Met. (*335)	300	36	40	48	1½	4	7
	330	7	19	28	5	16	19
	360	1	7	12	30	35	40
	390	0½	2½	—	60	65	—
I.C.I. (*644)	420	226	—	—	1	—	—
	460	186	—	—	1	—	—
	500	146	150	—	1	2	—
	550	96	100	108	1	4	7
	600	47	56	64	8	10	15
	650	6	20	32	14	34	46
Land Secur. (*275)	214	63	68	74	1	2	2
	236	41	46	52	1	2	4
	240	37	42	49	1	3	6
	257	20	27	33	1	8	11
	260	17	25	32	1½	9	12
	280	4	14	20	9	16	20
Marks & Sp. (*230)	180	52	56	—	1	2	—
	200	32	37	41	1	3	4
	220	12	20	25	2	8	9
	240	—	7	12	—	16	21
Shell Trans. (*585)	460	130	—	—	1	—	—
	500	90	97	107	1	3	6
	550	42	52	62	2	10	18
	600	5	26	36	22	34	43
	650	1	6	—	65	70	—

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Barclays (*527)	420	115	117	—	1	2	—
	460	75	77	92	2	8	13
	500	37	45	57	9	20	27
	550	8	18	30	32	45	50
Imperial Gp. (*148)	110	39	39	—	0¼	1	—
	120	29	29	—	1	1½	—
	130	19	19	22	1½	3½	5
	140	9½	11½	15	3½	6	8
	160	2	4½	6½	13	17	19
LASMO (*296)	240	65	75	80	2	6	10
	260	50	62	65	4	10	18
	280	32	48	55	10	18	25
	300	13	30	38	20	27	35
	330	5	13	—	40	43	—
	360	3	5	—	—	—	—
	390	2	3	—	—	—	—
Lonrho (*114)	90	26	27	28	0½	1	1
	100	16	18	20	0¾	2	3
	110	7	10	13	2½	5½	7½
	120	2½	5½	7	8	12	14
P. & O. (*245)	180	67	—	—	2	—	—
	200	47	54	—	2	3	—
	220	28	37	—	3	5	—
	240	14	25	34	8	13	16
	260	4	16	23	21	26	28
Racal (*200)	180	26	36	44	3	6	8
	200	13	26	32	9	12	15
	220	6	16	24	24	26	28
	230	3	9	—	—	—	—
	250	1	4	—	—	—	—
	275	1	—	—	—	—	—
R.T.Z. (*637)	483	164	—	—	—	—	—
	500	147	—	—	1	—	—
	533	114	—	—	1	—	—
	550	97	114	126	1	7	12
	583	67	—	—	3	—	—
	600	57	70	85	6	20	28
	650	17	40	50	25	43	50
	700	5	17	25	60	77	87
Vaal Reefs (*$100)	90	13½	17	20	3½	7	9
	100	7	10½	14	8	11	14½
	110	3½	6½	9	13½	17½	21
	120	1	3½	—	21½	24½	—
	130	1	1¼	—	31	33	—
	140	1	1	—	—	—	—

Option		Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
Beecham (*313)	300	27	33	40	8	12	13
	330	11	18	23	23	30	33
	355	3	—	—	50	—	—
	385	1	—	—	78	—	—
Bass (*316)	300	20	25	32	5	8	11
	330	5	12	17	23	28	33
De Beers ($*787)	700	110	120	135	6	15	22
	750	68	80	95	20	30	44
	800	35	45	65	42	55	75
	850	12	22	35	78	93	105
Guest Keen (*190)	160	36	38	40	1	3	6
	180	19	23	26	5	9	11
	200	7	11	14	12	18	20
Hanson (*276)	220	58	63	—	2	2	—
	240	40	44	49	3	6	7
	260	21	28	36	5	11	15
	280	8	15	22	14	19	23
Tesco (*176)	160	22	26	31	3	4	6
	180	7	11	15	9	13	15

Jan. 17. Total Contracts 3,416. Calls 2,563. Puts 853.

* Underlying security price

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1983-84 High	Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
35⅞	22¾	Abbott Labs.‖	31⅞xd	+¼	$1.00	—	2.2
34¼	17⅞	Alcoa 1$	33⅝	–⅝	$1.20	—	2.5
19½	13⅜	Amax $1	17	–⅝	20c	—	0.8
18⅝	875p	Amdahl	13¾	.....	20c	—	1.1
32¼	20⅛	Amer. Express $0.60	23	+½	$1.28	—	3.9
24⅞	14⅝	Amer. Medical Intl. $1	17⅞	–¼	48c	—	1.9
33⅞	20⅝	Amer. Nat. Res. $1	32¼xd	–⅝	$3.16	—	6.9
47⅞	36¾	American T. & T. Co	46¼	+⅛	s$5.40	—	8.1
21½	14	Amfac Inc	20⅞	–¼	$1.44	—	4.9
16¼	12	Bank America Corpn	15⅝	–¼	$1.52	—	6.8
35½	22¾	Bankers N.Y. $10	34½	–¾	$2.25	—	4.6
20⅞	11⅞	♥Beth Steel $8	20⅛	–⅜	60c	—	2.1
31½	21⅛	Brown'g Fer. c16⅔	28⅞xd	–½	96c	—	2.4
23½	10⅝	Brunswick Corpn.‖	22¼	+½	60c	—	1.9
29	22¼	C.P.C. 25c	27⅞xd	–½	$2.20	—	5.7
44⅞	28½	Campbell Soup	41⅞	.....	$2.30	—	3.9
35¼	24½	Caterpillar‖	34⅞xd	–⅞	$1.50	—	3.0
39¼	25	Chase M'hn.$12.5	34⅞	–⅜	$3.50	—	7.2
36½	26¾	Chemical N.Y. Corpn	34⅝	–¼	$3.24	—	6.7
29⅞	24⅞	Chesebrough $1	26⅜	–½	$1.84	—	4.9
22¼	11	Chrysler $6¼	20⅞	+1	—	—	—
29½	20¼	Citicorp $4	26½xd	–¼	$1.88	—	5.0
29⅝	17	City Inv. $1.25	28¼xd	–½	$1.80	—	4.5
19⅝	13⅝	Do. Cm. Prf. B $1	18¼xd	.....	$3.00	—	7.7
16⅞	11⅞	Colgate-P. $1	16	–⅛	$1.28	—	5.6
38⅝	19¼	Colt Inds. $1	37⅞	–⅛	$2.20	—	4.1
20⅝	12½	Cons. Foods $1⅓	18⅞	–1	$1.16	—	6.2
16⅝	12	Cont. Illinois $5	14¾	.....	$2.00	—	9.5
27	17¼	Crown Zell. $5	25⅛	–½	$1.00	—	2.8

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
48¾	32½	MCD Group	48½	+½	u1.0	2.2	2.9	22.1
		for MMT Computing see Electricals						
29	16	M.Y. Dart 10p	24	......	20.25	—	1.5	—
212	134	M'C'rthy Pk. 20p	140	......	7.0	2.7	7.1	6.6
148	128	Macfarlane Gp.	136	......	†3.52	2.1	3.7	16.6
46	33	Maclellan 20p	37	......	d1.5	1.6	5.8	13.3
63	31	Macpherson (D.)	47½	-1	4.2	0.6	12.6	(28)
56	41	Magnolia Group	53	......	2.3	3.2	6.2	6.2
72	62	[illegible]	62	-1	—	—	—	66.2
190	65	Man Ship Can. £1	165	+3	3.5	6.8	3.1	5.8
81	48	Marley	88	......	†2.5	0.5	4.5	(76)
47	30½	Marling Ind. 10p	40	......	†1.08	1.7	3.9	(28)
34	25	Marshall L'xy. 'A'	34	......	†1.2	—	♦	—
70	44	Marshall's Univ	66	......	8—	—	—	130.2
32½	23	Martin-Black	29	-1	—	—	—	—
£130	£83	Mathesons 7¾%	£96	......	Q7¾%	2.3	8.4	—
316	154	Metal Box £1	314	-2	†11.55	3.2	5.3	(7.7)
137	104	Metal Closures	137	+1	5.7	1.8	5.9	(8.9)
36½	14	Metal Sciences	25	......	—	—	—	—
19	6	Metamec Jentique	18½	......	0.01	—	0.1	—
50	5	Mettoy	7#	......	—	—	—	—
147	70	Midland Ind. Grp.	115	-3	4.0	2.1	5.0	13.8
56	21	Molen Grp 1p	27	......	†0.19	15.4	1.0	6.7
£271	£150	M'santo Spc.82-6	£242	-5	Q5%	—	C2.1	—
136	76	Morgan Crucible	136	+1	†7.5	0.6	7.9	(41)
90	54	Moss (Robt.) 10p	84	......	†2.0	2.4	3.4	15.5
245	155	NMW Computers	200	......	4.0	4.0	2.9	12.4
67	42½	Nash Inds.	60xd	......	4.0	♦	9.5	♦
38	31	Neil&Sp'ncer 10p	38	......	—	—	—	—
64	48	New Equip 10p	51	......	1.15	6.8	3.2	6.5
73	20	Nolton	51½	+4	1.0	2.9	2.8	18.1
157	117	Norcros	154½	......	b7.0	2.3	6.5	9.3
89	46	Nu-Swift 5p	65#	......	2.14	1.5	4.7	20.9
140	93	Oakwood Grp.	100	......	d6.5	2.1	9.3	7.3
325	185	Office & Elect.	198	......	7.5	2.8	5.6	8.9
[illegible]								

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
202	139	LWT "A"	202	+3	11.08	1.8	[illegible]	[illegible]
*147	45	Leisuretime Int 10p	53	......	g1.54	♦	[illegible]	[illegible]
152	97	Magnet Ag. N. 10p	115	+8	8.75	1.6	[illegible]	[illegible]
115	52	Medminster 10p	83	-5	4.4	1.7	[illegible]	[illegible]
170	110	Miss World Grp 10p	140	......	b3.0	2.5	[illegible]	[illegible]
23	17½	Nationwide 5p	22½	+1	—	—	[illegible]	[illegible]
128	21	Nimslo Int 20c	21	-1	—	—	[illegible]	[illegible]
128	45½	Norton Opax 10p	123	......	t2.17	4.3	[illegible]	[illegible]
30	22½	Owners Abroad	28¾	-¼	0.5	4.5	[illegible]	[illegible]
47	35	Photax (Lon.)	36	......	—	—	[illegible]	[illegible]
*147	84	Pineapple Dance St 10p	105	......	g1.5	♦	[illegible]	[illegible]
363	217½	Pleasurama 5p	335	-2	6.5	♦	[illegible]	[illegible]
173	108	Radio City 'A' NV	145	-5	¶4p	1.6	[illegible]	[illegible]
209	138	Riley Leisure 10p	144	......	†3.95	1.7	[illegible]	[illegible]
132	85	Saga Hols. 20p	110	......	d3.73	—	[illegible]	[illegible]
515	290	Samuelson Grp £1	380	......	12.0	♦	[illegible]	[illegible]
116	94	Scott. TV 'A' 10p	116	......	7.35	2.2	[illegible]	[illegible]
68	27	SelecTV 10p	29	-1	—	—	[illegible]	[illegible]
26½	15½	TSW 5p	26	......	1.2	2.2	[illegible]	[illegible]
85	30	TVS N/Vtg 10p	85	......	—	—	[illegible]	[illegible]
29	19	Television Servs 10p	22	......	b0.2	3.3	[illegible]	[illegible]
100	76	Tottenham Hotspur	88	-1	b4.0	1.9	[illegible]	[illegible]
142	64	Trid'nt TV 'A' 10p	130	+2	5.5	♦	[illegible]	[illegible]
180	105	21st Century Dist	121	......	—	—	[illegible]	[illegible]
25½	14	Webb (Jos.) 5p	24½	-1	d0.51	0.5	[illegible]	[illegible]
92	75	Zetters 5p	91	......	3.10	2.9	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.†	56.9	61.2	.....	0.71
Income*	81.8	89.3	.....	5.17
Capital Inc.‡	91.0	97.8	.....	2.01
Do. Acc.‡	114.3	122.9	.....	2.01
Exempt‡	196.0	211.8	.....	4.27
Intl. Recovery Inc.‡	39.1	42.1	.....	2.01
Do. Acc.‡	50.7	54.6	.....	2.01

Dealing *Tues. ‡Wed. †Thur. Prices Jan 10/11/12.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4, Melville Cres., Edinburgh 3. 031-226 3492

Cres. American	67.2	72.6	−0.9	1.17
Cres. Capital	46.3	50.0	.....	1.75
Cres. Growth & Inc.	81.3	87.7	+0.2	4.78
Cres. High. Dist.	65.0	70.1	.....	7.13
Cres. International	132.1	142.6	−1.9	0.96
Cres. Resources	26.6	28.7	−0.3	2.09
Cres. Tokyo	92.6	100.0	−1.0	0.25

INSURANCES

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311

Pension Funds

EqPenFdAc	648.3	682.4	+0.2	—
Euro Fd Ac	98.9	104.1	....	—
FixedPenAc	429.9	452.5	....	—
GtMnPnAc	252.4	265.7	+0.1	—
IntlManFd	275.5	289.9	−3.2	—
Jan Pen Fd	135.6	142.6	−1.7	—
AmPenFdAc	134.8	141.8	−0.2	—
PropPenAc	232.2	244.4	....	—
MpLnPnAc	543.2	571.7	−1.9	—

Capital Life Assurance
24 Ludgate Hill, EC4P 4BD. 01-248 9861

Key Inv Fd	—	128.60	....	—
PckMkrInvFd	—	126.94	....	—
Equity Fd	105.91	111.48	....	—
Fxd Int Fd	103.29	108.73	....	—
Property Fd	99.08	104.29	....	—
Cash	99.08	104.29	....	—
Mnd Fd	106.63	112.24	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnnAcJn14	—	156.06	....	—
VarAnnAcJn20	—	34.19	....	—

Prime Series—Life

Managed	131.6	138.6	−0.7	—
UK Equity	135.9	143.1	−0.7	—
Int Equity	130.2	137.1	−1.5	—
Property	103.4	108.9	....	—
Fixed Int	112.2	118.2	−0.1	—
IndexLkdGt	90.5	95.3	....	—
Index Lk Gt	95.0	100.1	+0.1	—
Cash	100.2	105.5	....	—

Prime Series—Pensions

Managed	95.9	101.0	−0.1	—
UK Equity	96.8	101.9	−0.1	—
International	94.8	99.8	−0.4	—
Property	95.3	100.4	....	—
Fixed Int	95.6	100.7	−0.1	—
Cash	95.3	100.4	....	—

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

Equity Acc	175.4	184.7	....	—
Propty Acc	163.9	172.6	....	—
Int Acc	163.1	171.7	....	—
Mangd Acc	173.7	182.9	....	—
Spec Sits	125.5	132.9	....	—
Pen Int Acc	153.8	161.9	....	—
Pen Pro Acc	182.9	192.6	....	—
Pens Equity	203.6	214.4	....	—
Pen Mg Acc	173.4	182.6	....	—

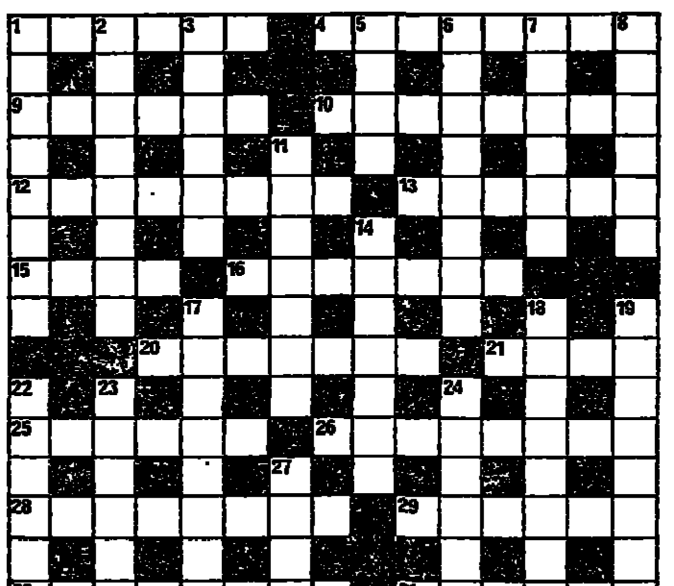
Gilt Deposit. Index Fund prices available on request.

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,319



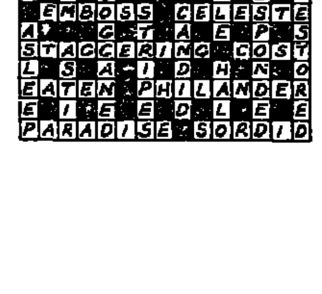
ACROSS

1 and 4 Evergreen and robust pair (5, 3, 5)
9 Pirate money (6)
10 Thus old travellers once philosophised (8)
12 U.S.-/Canadian water sounds queer (4, 4)
13 Levels mixed at Art Society (6)
15 Sailor to add zest (4)
16 Car-washer garage hiding racer? (7)
20 Old Arum could be made of units (7)
21 It's under the County (4)
25 Stick in wages travesty (6)
26 Distress giver upset in time (8)
28 Experienced person like grandfather? (3-5)
29 Spy's way to interfere (6)
30 and 31 A slice of one's livelihood? (5, 3, 6)

DOWN

1 No energy, so don't name so many (8)
2 Link with Yule may be doubtful (8)
3 University or College (6)
5 Kind of light seen in mine once (4)
6 Describes old verse, an arrangement of a hit or no (8)
7 Animal to beat, Cane? (6)
8 Agreeable character (3-3)
11 Sort of thinking that's desirable? (7)
14 Put on trial a weather feature, we hear (7)
17 Trees change the course for some players (8)
18 It's built up yet doesn't reach fulfilment (3-5)
19 One of original thought in island resort (not north) (8)
22 Take a quiet look at the Doctor for coolness (6)
23 Game goes to the other side (6)
24 Gilt material acquired in a form o' luck (6)
27 Average people taking in article (4)

Solution to Puzzle No. 5,318



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		243.19	.....	—
Managed Inv. Fd	164.78	173.46	.....	—
Property Fd.	152.16	160.17	.....	—
Fixed Interest Fd.	148.30	156.11	.....	—
Cash Fd.	137.47	144.71	.....	—
Income Fd.	181.54	191.10	.....	—
Extra Income Fd.	174.43	183.59	.....	—
Worldwide Growth Fd.	233.27	245.55	.....	—
Balanced Fd.	183.11	192.75	.....	—
Smlr Co's & Recs. Fd	210.19	221.26	.....	—
Int. Technology Fd.	269.08	283.25	.....	—
Nth. Amer. & Gen. Fd.	162.45	171.00	.....	—
Energy Int. Fd.	108.48	114.19	.....	—
Pacific Basin Fund	149.98	157.88	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117.4	123.6	.....	—
Property	119.8	126.1	.....	—
Equity	122.9	129.3	.....	—
International	132.4	139.3	.....	—
Fixed Interest	104.0	109.5	.....	—
Deposit	100.5	105.8	.....	—
Managed Pen. Cap.	118.1	124.3	.....	—
Property Pens. Cap.	121.5	127.9	.....	—
Equity Pens. Cap.	118.0	124.2	.....	—
Intl. Pens. Cap.	138.1	145.3	.....	—
Fixed Int. Pens. Cap.	100.7	106.0	.....	—
Deposit Pens. Cap.	97.9	103.1	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29		97.4	.....	—
Retmt. Fed. Jan. 6		280.3	.....	—
Managed Pen Fund	193.8	204.0	.....	—
Property Pen Fund	117.3	123.5	.....	—
Index Lnkd Pen Fund	111.6	117.5	.....	—
Managed	128.1	134.9	.....	—
Property	106.2	111.8	.....	—
Gilt and Fixed Interest	109.1	114.9	.....	—
Index-Linked	97.5	102.7	.....	—
Equity	128.5	135.3	.....	—
Cash	105.5	111.1	.....	—
Midland Bk. Unit Tst.	125.4	132.1	−0.6	—
Midland Bank Intnl.	148.8	156.7	−1.6	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	127.5	134.1	.....	—
GT Pln High Yld Fnd.	131.9	138.9	+0.9	—
GT Plan Far East Fnd	127.3	134.0	−2.0	—
GT Plan N. Am Fd	144.1	151.7	−3.1	—
GT Pln UK&G.E. Fnd	149.6	157.5	+1.8	—
GT Pln Wrldwde Fnd.	149.4	157.3	−1.1	—
GT Pension Bnd Fnd.	140.0	147.4	.....	—
GT Pen High Yld Fd.	151.0	159.0	+1.1	—
GT Pen Far East Fd.	156.8	165.1	−2.8	—
GT Pen N. Am. Fd.	211.6	222.8	−4.7	—
GT Pen UK & G.E. Fd.	172.8	181.9	+2.0	—
GT Pen Worldwide Fd.	160.8	169.3	−1.3	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	170.2	179.2	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		263.3	.....	—
Portfolio Fd. Init.		215.3	.....	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	285.3	300.6	.....	—
Money Fd	156.9	165.1	.....	—
Equity Fd.	240.9	253.8	.....	—
Fixed Int. Fd.	119.6	126.0	.....	—
Property Fd	174.2	183.6	.....	—
Managed Pen. Fd.	26.9	283.3	−1.4	—
Equity Pension Fd	191.3	201.6	+1.1	—
Fixed Int. Pen. Fd	168.5	177.6	−1.1	—
High Yield Pen. Fd.	166.3	175.2	−1.2	—
Money Pension Fd	130.4	137.3	+0.9	—
Property Pension Fd	128.5	135.4	.....	—

Gresham/Fundlegislation

American & Gen. Fd.	262.4	276.5	−1.6	—
Income Fd	201.2	212.0	+1.4	—
Int'l. Growth Fd	286.5	301.9	−1.7	—
Capital Fund	212.3	223.7	+1.5	—
Recovery Fund	162.8	171.6	+1.0	—

Growth & Sec. Life Ass. Soc. Ltd.

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Agriculture future options revived

BY NANCY DUNNE IN WASHINGTON

Agriculture future options, banned in the U.S. since 1936, are expected to reappear on the commodity exchanges by next autumn, under the strict supervision of the Commodity Futures Trading Commission (CFTC).

Final rules governing a three-year test programme for agriculture options, similar to the current tests for non-agricultural options, were approved by the CFTC on Monday. Congress has 30 days to consider the experiment but is not expected to raise any objections.

Under the programme, each exchange will be permitted to trade one agriculture option initially, and a second options contract after the programme has become established. The Chicago Mercantile Exchange is announced its plan to introduce soya bean options and the Chicago Mercantile Exchange, is considering introducing options based on one of its livestock futures.

The options give traders who pay a premium the right to buy or sell a futures contract at a later date for a set price. Some critics of the programme worry that options, which are considerably les risky than futures, will take business away from their underlying contracts.

However, the non-agricultural exchange traded *options, intro*duced in 1982, are mostly flourishing, particularly the Chicago Board's options on Treasury bonds.

With the exception of gold options traded in New York's Comex, all other futures contracts underlying options completed more trades in 1983 than in 1982.

In the U.S., agriculture options have a tarnished past. They were used from the 1870s to the 1930s, supposedly to offset risky futures positions for short periods.

However, the fraud and other abuses which resulted in the unregulated traded atmosphere of the times, ultimately led Congress to ban their sale.

Meanwhile, the Chicago Board of Trade has introduced the first proposal to trade a municipal bonds future, which *will be based on an index called* the Bond Buyer Municipal Bond Index, which will track prices of 75 tax-exempt term municipal revenue, and general obligation bonds.

Cocoa prices rally strongly

BY JOHN EDWARDS

COCOA PRICES rallied strongly on the London futures market yesterday in a day of violent fluctuations. In the *morning the March position* dipped to a low of £1,779, close to the permissible limit down of £40. But the market then reversed direction and values climbed strongly throughout the afternoon closing at the high of £1,835 a tonne. The May *position* ended the day £28.5 up at £1,839 after dropping to £1,785 at one stage.

Dealers said there was no fundamental news to explain the sudden turnround. It was viewed as mainly a technical reaction after the sharp reverse suffered during the past fort*night, with prices falling by* £250 from the five-year peak of over £2,000

Inevitably, the surge in values was followed by heavy speculative profit-taking, encouraged by reports that the situation in Ivory Coast might not be as bad as feared. However, speculative buying has been triggered off again at the lower levels by charts indicating the decline has gone far enough.

French hold Dutch truck carrying live pigs

ABOUT 100 French farmers seized a Dutch truck carrying *live pigs near the French-*Belgian border yesterday and were holding it pending veterinary checks, Associated Press reports.

As part of the campaign by French pig farmers against low priced imports, they have been patrolling border crossings and major roads from Belgium.

Pig disease outbreaks in Belgium and Holland have caused farmers there to sell off live or dead pigs in unusually large numbers, pushing down prices which French farmers claim are already below French production costs.

● **AVERAGE** Australian wool prices should be more than 500 cents a kilo in the second half of the current season, against 479 cents in the first half, according to the Government's Bureau of Agricultural Econo*mics. The improved forecast is* based on higher consumer demand, currency factors and reduced South African wool stocks.

● **TRADING** on French commodity futures markets—white sugar, cocoa beans, robusta coffee and soyabeans—rose 32 per cent in 1983 from 1982 to a record high of 17.58m tonnes.

● **PENINSULAR** Malaysian tin concentrates production rose to 4,585 tonnes containing 3,456 tonnes of metal in October, from 4,203 containing 3,157 of metal in September, the Mines Department said.

● **U.S. COPPER** producer Asarco lowered its domestic selling price by another 0.50 cents to 64.5 cents a lb yesterday. On the London Metal Exchange, higher grade cash copper closed £9.5 down at £945 a tonne, mainly influenced by the trend in sterling against the dollar. However, the cash price of cathodes closed £1 higher at £941.5 a tonne.

Financial problems bedevil improving cotton market

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

FROM HIS Brussels office, Peter Pereira has identified signs of improved demand for cotton and cotton goods during the past year.

"The official figures may not show it yet and it would certainly be premature to speak of a real recovery in the industrialised countries of the world," says Mr Pereira, executive director of the International Institute for Cotton.

"But there have been encouraging sings of an improvement in both the UK and West Germany, and Japan has been *giving us grounds for hope.*"

Cotton has been under severe pressure, almost entirely from the growth of artificial fibres in its traditional markets for most of the past 30 years. In 1960, cotton accounted for 68 per cent of world textile fibre consumption. Synthetic fibres were a very junior partner with 22 per cent.

By 1980 cotton had slumped to 47.5 per cent while synthetic fibres had increased to 46.7 per cent.

To counter these advances the institute was estabilshed in 1966 as an inter-governmental market development organisation, supported by 10 of the producing *countries, of which the U.S. was* the most important. Others included Brazil, India, Nigeria and Tanzania.

The institute reorganised cotton's marketing to overcome its poor fashion appeal and a bad image among consumers.

The synthetics producers ran into serious troubles after the 1970s oil price rises and with the emergence of over-capacity and keen price competition cotton staged a come-back.

By the end of 1982, the last year for which full figures are *available, cotton accounted for* 49 per cent of world consumption compared with 45 per cent for synthetics.

Mr Pereira is encouraged that cotton has not only held on to its place as the single most important fibre in the world but that it actually increased its total offtake during the years of the synthetics revolution.

In 1960, according to Dr Gunter Metz of Hoechst, the West German fibre producer, world fibre consumption amounted to 15.16m tonnes, of which cotton accounted for 10.3m tonnes and synthetic fibres for another 3.35m tonnes.

By 1982, world consumption had almost doubled to 29.33m tonnes, with cotton taking 14.39m tonnes and synthetics another 13.22m tonnes.

Keeping cotton before the buying public during the years of synthetics ascendancy was not easy. The institute identified its main markets as the *industrialised* countries of Europe, and Japan. The U.S. by far the largest single market, is looked after by the powerful Cotton Incorporated of North Carolina.

The first step to improve cotton's image was to move into leisure wear, which it did be*tween 1969 and 1971—a decade* before either wool or synthetics

THE U.S. Department of Agriculture raised its world cotton production forecast for 1983/84 to 69.7m bales (of 480 lb), following an increase in the estimated Chinese crop to a record 20m bales. However, consumption is expected to advance to 69.9m bales and reduce surplus stocks to 26.7m bales against 28.7m bales previously.

The institute has also discovered that cotton is primarily associated with fine weather and is now pushing the concept of winter cottons.

The importance of success lies not just in promoting a fibre but in providing income for some of the world's porer countries.

With the exception of the U.S., most of the non-communist-world cotton producers are in the Third World and cotton is a vital part of their economies.

It is the most important foreign exchange earner for Antigua, Chad, Mali and Paraguay and second most important for Angola, Bolivia, Guatemala and the Central African Republic.

Raw cotton exports bring in more than $3.5bn for the Third World producers and more than $6.5bn in made-up cotton goods. With more income to be gained from selling clothes rather than raw cotton, many developing countries are turning to mill production.

If the institute is to repulse the inroads being made by the synthetics industry and to sell more cotton to benefit Third World countries, it clearly needs more money. The problem is that although the institute is backed by ten countries only one, the U.S., is wealthy.

Many countries that might become members, such as Turkey, Pakistan, Egypt, the Sudan, Argentina and Syria, remain outside. Talks are being held with many of them and Pakistan has said it will join. But as long as most producers remain among the world's poorer nations, the work of the institute will be hampered.

The institute does not reveal its total income, though the sources are a levy on members' net exports, partnerships with industry and occasional government help. The problem is that the amount has barely changed over the last 10 years, which means a substantial fall in real terms.

The ironic fact is that the institute is under pressure financially just at a time when a recovery seems in sight. One textile analyst said: "Fifteen years ago no one wanted to be associated with cotton. Now everyone is falling over themselves to tell you how good it is."

Lower stocks of potatoes

By Our Commodities Editor

TOTAL STOCKS of potatoes at end-November were only 3,260,000 tonnes, compared with 4,159,000 tonnes at the same time a year ago, according to estimates issued by the Potato Marketing Board yesterday.

They were, however, not much lower than the 1981 end-November figure of 3,283,000 tonnes.

The board also repeated its previous claim that demand for potatoes had recovered strongly in November.

On the London potato futures market yesterday, the April position closed £5.5 up at £190.75 a tonne.

NZ revises its lamb sales technique

NEW ZEALAND lamb producers hope to push up sales volume in Japan by nearly 400 per cent within five years, Selwyn Parker writes from Auckland. Under the new "consortium approach" marketing strategy, the New Zealand Meat Producers' Board hopes sales will jump from the present 18,000 tonnes a year to about 70,000 tonnes. This target—2 per cent of Japan's total meat market—is worth NZ$345m (£158.25m).

The board will put together a team of major New Zealand processing and exporting companies with the financial muscle to seek a larger slice of the Japanese market. Distribution arrangements will also be improved.

The new strategy, which follows 20 years of erratic sales, is a tacit admission that previous marketing strategies have flopped.

Though Japan is New Zealand's third largest single market for lamb it lags a long way in volume terms behind Britain (192,000 tonnes) and Iran (52,000 tonnes). In the last four years, sales to Japan have hovered between 12,000 and 18,000 tonnes without visible evidence that improvements were possible.

The lamb producers' announcement coincides with general criticism of New Zealand's marketing deficiences in Japan.

Sales of cheese (sold under Japanese brand names), fish and kiwi fruit, among other products, have been doing indifferently against local competition.

● Mr Eric Trautmann has been appointed European director of the New Zealand Meat Producers' Board. Mr Trautmann, former managing director of the Danish Bacon Company, replaces Mr Brian Jeffries, who will return to New Zealand

● New Zealand must hope that the Common Ariculture Policy (Cap) will collapse as its budgetary problems continue, New Zealand Prime Minister Robert Muldoon said. He blamed the "economic lunacy" of Cap for problems faced by New Zealand's traditional export industries.

Ducks drown in Niagara Falls

NIAGARA FALLS — More than 1,000 Merganser ducks apparently became disoriented in dense fog on Monday and were swept over the Niagara Falls and into the gorge more than 150 feet below.

An unknown number were killed, and hundreds that survived the plunge were still marooned yesterday on the ice below the cataracts, unable to get out of the gorge because of broken wings or feet.

Niagara Parks Commission police chief Bill Derbyshire said the ducks could not be rescued from the ice because "it's extremely dangerous down there. Somebody could easily slip off the ice into the water."

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 17 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1050
Free Mkt	$1590-610	......	$1540/570
Copper			
Cash h grade	£945	−9.5	£978.5
3 mths	£969.75	−10.5	£1004.75
Cash Cathode	£941.5	+1	£962
3 mths	£957	−7.5	£987
Gold troy oz	$368.125	+1	$377.875
Lead Cash	£270.25	−2.75	£277.75
3 mths	£279.75	−2.5	£285.75
Nickel	£4945	......	£4646.54
Free Mkt	208/228c	......	205/225c
Palladium oz	$158.50	−1	$171.00
Platinum oz	£260.80	−3.35	£274.00
Quicksilver†	$305/310	......	$305/315
Silver troy oz	561.20p	−10.20	608.90p
3 mths	573.90p	−10.45	622.80p
Tin cash	£8615	+22.5	£8642.5
3 month	£8760.5	+19	£8804
Tungsten	$73.43	......	$74.70
Wolfr'm 22.04 lb	$74/77	+1.5	$69/73
Zinc Cash	£670.5	+2.25	£607.5
3 mths	£668.5	+0.25	£622.125
Producers	$980	......	$950/980

	Jan. 17 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1060y	......	$1060
Goundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$650w	−25	$725
Seeds			
Copra Phil	$705v	−15	‡
Soyabean (U.S.)	$308	......	$314.5
Grains			
Barley Fut. Mar	£121.00	−0.85	£123.25
Maize	£148.00	......	£148.00
Wheat Fut. Mar	£119.70	−0.45	£123.15
No 2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1894	+15	£1919
Fut. May	£1839	+28.5	£1858.5
Coffee Ft. Mar	£2021.5	−8	£1969
Cotton A.Index	87.55c	......	89.25c
Gas Oil. Feb	$252.25	+0.5	$244.75
Rubber (kilo)	85.5p	−0.5	83.5p
Sugar (Raw)	£122.6yz	−1.5	£133
Woolt'ps 64s	450p	......	425pkilo

‡ Unquoted. w Feb. z March. v Feb-March. y Jan-Feb. † Per 75 lb flask.

* Ghana cocoa. n Nominal. c Cent per pound.

LONDON OIL

Gas Oil opened strongly, boosted by firmness in the physical market. Selling on the New York market opening and unfounded rumours of a Nigerian price-cut put pressure on prices which fell quickly and *briefly to the lows, before* bouncing quickly back a dollar and oscillating in a narrow range until the close.

Crude Oil traded around 10 cents higher through most of the day dropping off on the close, reports Premier Man.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.65	−0.50	—
Mar	29.17	+0.02	29.25-29.21
Apr	29.07	−0.06	29.22-29.06
May	29.02	+0.02	29.13-29.00
June	28.95	+0.10	—

Turnover: 2,902 (3,229) lots of 100 barrels.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.70	+0.05
Iranian Light	27.70-27.90	+0.05
Arab Heavy	26.30-26.45	+0.02
North Sea (Forties)	29.30-29.30	+0.15
North Sea (Brent)	29.20-29.40	+0.78
African (BonnyLi'ht)	29.00-29.60	+0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	267-272	+2.5
Gas Oil	252-262	+3.5
Heavy fuel oil	174-178	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	253.50	+1.80	254.50-252.8
Feb	252.25	+0.50	254.00-251.5
Mar	247.75	—	250.50-247.5
April	241.50	−1.25	244.75-242.0
May	237.75	−0.75	240.25-237.7
June	336.25	−1.50	240.00-238.2
July	239.50	+1.25	241.00-239.5
Aug	341.25	+1.75	—
Sept	242.00	+3.80	—

Turnover: 3,229 lots of 100 tonnes.

GOLD MARKETS

Gold rose $1 an oz from Monday's close in the London bullion market yesterday to finish at $367¾-368¼. The metal opened at $368½-369¼ and traded between a high of $369¾-370¼ and a low of $366¾-367¼. Trading was quiet with movements again influenced by the dollar's performance.

In Frankfurt the 12½-kilo bar was fixed at DM 33,220 per kilo ($370.99 per oz) against DM 33,475 ($371.0) and closed at $367½-368 from $369-369½.

In Luxembourg the dollar per oz equivalent of the 12½-kilo bar was fixed at $369.75 from $371.45.

In Paris the 12½-kilo bar was fixed at FFr 101,500 per kilo ($370.51 per oz) in the afternoon compared with FFr 101,500 ($370.53) in the morning and FFr 102,500 ($370.92) on Monday afternoon.

In Zurich gold closed at $367½-368 from $369-369½.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ per troy ounce		
Jan	—	—	—
Feb	368.80-64.10	−1.55	371.50-68.20
April	374.58-75.00	−1.60	375.50-75.00
June	380.40-81.20	−1.45	382.50
Aug	386.90-87.70	−1.80	—
Sept	393.00-94.00	−1.50	394.00

Turnover: 507 (586) lots of 100 troy ounces.

	Jan. 17		Jan. 16	
Gold Bullion (fine ounce)				
Close	$367¾-368½	(£260-260½)	$366¾-367½	(£258-258½)
Opening	$368½-369¼	(£258¾-269¼)	$372¼-373	(£263½-264)
Morning fixing	$367.75	(£258.500)	$370.25	(£962.589)
Afternoon fixing	$367.75	(£259.491)	$369.10	(£260.296)

Gold and Platinum Coins Jan. 17

Krugrnd	$379-379½	(£268¾-269)	King Sov	$90-91½	(£63½-64½)
½ Krg	$195½-196¼	(£138½-139¼)	Victoria Sov	$90-91½	(£63½-64½)
¼ Krg	$99¾-100½	(£70¾-71¼)	French 20s	$73¼-75	(£52-53¼)
1/10 Krug	$40¾-41½	(£28¾-29½)	50 pesos Mex	$455-457	(£322½-324)
Mapleleaf	$378¾-379¼	(£268½-268¾)	100 Cor. Aust	$358-362	(£253¾-256¼)
New Sov	$86½-87¼	(£61¼-61¾)	$20 Eagles	$525-535	(£372¼-379¼)
½ New Sov	$52-52¾	(£36¾-37¼)	Noble (Plat)	$379-383½	(£268¼-271¼)

EUROPEAN MARKETS

ROTTERDAM, January 17.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange but closed well above the day's lowest levels, following the fluctuations in sterling against the dollar. Copper fell to £964 in the morning, owing to renewed speculative and stop-loss selling, but subsequently rallied on currency considerations and bear closing to end the late Kerb at £974.5, while Zinc closed at £667.5, after a low of £656, and Lead at £281, after £278. Tin held steady in the morning around the £8,725 level but moved ahead to close the afternoon Kerb at £8,765. Aluminium was finally £1,126.75 and Nickel £3,375.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £940, 40.50, 41, 41.50, three months £967, 66.50, 65, 64, 64.50, 65, 65.50, 66, 67. Cathodes: Cash £935. Kerb: Higher Grade: Three months £968, 69, 69.50, 70. Afternoon: Higher Grade: Three months £970, 70.50, 71, 71.50, 72, 71.50, 71, 70, 70.50, 70. Cathodes: Cash £945, 43, 41, 39, 40, 42, 42.50, 41. Kerb: Higher Grade: Three months £969, 69.50, 70, 71, 70.5, 70, 71, 72, 73, 73.5, 74, 75, 74.5. Turnover: 42,975 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	941.5-2	−13.2	944.5-5.5	−9.5
3 months	966-7	−14.2	969.5-70	−10.5
Settlem't	942	−13.5	—	—
Cathodes				
Cash	937-40	−4.25	941-2	+1
3 months	957-9	−7.5	956-8	−7.5
Settlem't	940	−3	—	—
U.S. pro'd	—	—	*65-68	......

May 434, 438, 439-438; Aug 454, 456, 456-454; Oct 456, 458, 457-456; Dec 455, 460, 459-456; Jan 456, 461, 460; March 466, 471, nil; May 472, 477, 476-474. Sales: 138.

ALUMINIUM

Aluminium—Morning: Three months £1,115, 15.50, 16, 15.50, 15, 15.50, 16, 17, 16.50. *Kerb: Three months £1,118,* 18.50. Afternoon: Three months £1,122, 22.50, 23. Kerb: Three months £1,123, 24, 25, 26, 26.5. Turnover: 20,850 tonnes.

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1086.5-7	−11.2	1094-5	−.5
3 months	1116.5-7	−10	1123.5	−.5

NICKEL

Nickel — Morning: Three months £3,325, 20, 25, 30, 35, 40, 38, 35. Kerb: Three months £3,340. Afternoon: Three months £3,360, 65, 70, 65. Kerb: Three months £3,370. Turnover: 2,046 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3254-6	−21.5	3280-9	+12.5
4 months	3335-8	−31	3365-70	+15

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

WEEKLY METALS

577.0. Afternoon: Large three months 573.0, 72.0, 73.0, 74.0, 76.0. Kerb: Three months large 575.5, 75, 76, 77, 78, 79.

COCOA

RUBBER

Russian and Turkish, and attention was also centred on North and South American growths.

AMERICAN MARKETS

NEW YORK, January 17.

Gold and silver showed marginal losses on follow-through selling in response to Monday's decline and on selling linked to the weak tone to currencies, reports Heinold Commodities. Copper was weak on long liquidation ahead of the U.S. housing starts report due today which is expected to show a decline. Sugar and coffee were under light pressure from arbitrage selling. Cocoa rallied sharply from an oversold condition as concern over new crop prospects prompted short-covering and fresh buying interest. Cotton rallied sharply on reports of Russian purchases. Heating oil came under light pressure despite tightness in nearby supplies on reports that Nigeria was requesting an increase in their Opec quota. The grain complex was generally mixed with maize benefiting from a constructive supply demand estimate while the soyabean complex continued to fall sharply on the nearby margin liquidation.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2493	2495	2371	2358
May	2436	2436	2366	2348
July	2428	2428	2355	2340
Sept	2416	2416	2350	2328

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	806.0	893.0	900.0	809.5
Feb	808.2	809.0	803.5	809.0
March	814.5	818.0	797.0	818.0
May	828.2	832.0	810.0	829.7
July	842.0	846.0	827.0	843.5

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rises in erratic trading

The dollar recovered from a weak start to finish at its best level in currency markets yesterday. Initial trading saw the dollar marked down as the market remained influenced by recent economic data suggesting a slowdown in the growth of the U.S. economy. The sentiment appeared to lack conviction however as few people were willing to run short of dollars on the strength of one month's statistics.

Consequently, the dollar traded a little erratically, recovering from its early setback as short covering developed in the afternoon to push it to the day's highs. Against the D-mark it closed at DM 2.8090, up from a low of DM 2.7835 and Monday's close of DM 2.7960. Similarly against the Swiss franc it improved to SwFr 2.2360 from SwFr 2.2190. Other gains included Y234.30 from Y233.25 and FFr 8.5875 compared with FFr 8.5525. On Bank of England figures, the dollar's trade weighted index rose to 131.4 from 131.2.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. December average 1.4344. Trade weighted index 82.3 against 82.6 at noon and 82.5 in the morning and compared with 82.2 on Monday and 84.4 six months ago.

The pound fell from its best level touched some time after lunch on rumours that Nigeria was contemplating a cut in its oil price. This was later denied but failed to restore much confidence. Earlier gains had reflected an improving economic outlook and recent heavy demand for equities. The pound closed at $1.4105-1.4115 against the dollar, a fall of 95 points and considerably below the day's high of $1.4290. Against the D-mark it closed at DM 3.9650 down from DM 3.9750 and FFr 12.1150 from FFr 12.1425. It was also lower against the yen at Y331.0 from Y331.5 but improved slightly against the Swis franc to SwFr 3.1575 from SwFr 3.1550.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. December average 2.7487. Trade weighted index 123.4 against 126.7 six months ago.

The dollar was fixed at DM 2.7860 at yesterday's fixing in Frankfurt, down from DM 2.8078 on Monday and there was no intervention by the Bundesbank. The dollar was weaker in early trading as the market continued to digest latest U.S. economic data and the implications of an economic slowdown. However there appeared to be little follow through selling and later trading saw the dollar start to test higher levels moving through DM 2.80 to DM 2.8020. Sterling was fixed higher at DM 3.9760 from DM 3.9570 while the Belgian franc slipped to DM 4.8960 from DM 4.900 per BFr 100.

JAPANESE YEN — Trading range against the dollar in 1983-1984 is 246.90 to 276.80. December average 234.40. Trade weighted index 157.1 against 147.3 six months ago.

The yen showed little change against the dollar in Tokyo yesterday. Business volume was described as moderate after Monday's national holiday in Japan. The dollar closed at Y233.25, unchanged from the opening and compared with Y233.20 in New York on Monday. There appeared to be little incentive to push the dollar weaker after recent U.S. economic statistics suggested a slowdown in growth. The D-mark fell to Y83.50 from Y83.55 in New York but was up from Friday's close in Tokyo of Y82.95.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0996	+2.67	+1.86	±1.5447
Danish Krone ...	8.14104	8.18572	+0.55	−0.26	±1.6425
German D-Mark	*2.24184*	*2.25993*	*+0.81*	—	±1.0642
French Franc ...	6.87456	6.90897	+0.50	−0.31	±1.4052
Dutch Guilder ...	2.52595	2.54176	+0.63	−0.18	±1.4964
Irish Punt	0.72569	0.729809	+0.54	−0.27	±1.6698
Italian Lira	1403.49	1371.51	−2.28	−2.28	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Jan. 17	Previous
Spot	$1.4060-4080	$1.4225-4235
1 month	0.04-0.07 dis	0.05-0.06 dis
3 months	0.14-0.18 dis	0.15-0.15 dis
12 months	0.70-0.85 dis	0.70-0.75 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4090-1.4290	1.4105-1.4115	0.03-0.08c dis	−0.47	0.13-0.18dis	−0.44
Canada	1.7580-1.7800	1.7600-1.7610	0.05-0.15c dis	−0.68	0.18-0.28dis	−0.52
Nethlnd.	4.45-4.48½	4.46½-4.48½	1½-1c pm	3.36	3⅝-3⅛ pm	3.14
Belgium	80.70-81.25	80.75-80.85	2-12c dis	−1.04	28-38 dis	−1.63
Denmark	14.33-14.41	14.34-14.35	2½-3½ore dis	−2.51	6½-7½ dis	−1.92
Ireland	1.2760-1.2860	1.2770-1.2780	0.30-0.38p dis	−3.19	0.75-0.90dis	−2.58
W. Ger.	3.95½-3.98½	3.96-3.97	1½-1pf pm	3.78	3½-3 pm	3.28
Portugal	190.00-192.75	190.25-190.75	135-310c dis	−14.01	445-995dis	−15.12
Spain	224.50-226.75	224.65-224.95	160-195c dis	−9.47	505-570 dis	−9.56
Italy	2400-2414	2403½-2405½	15-17lire dis	−7.98	44½-46½ dis	−7.57
Norway	11.04-11.15	11.04½-11.05½	3⅞-4⅞ore dis	−4.28	10½-11½dis	−4.00
France	12.10-12.17½	12.11-12.12	3-4c dis	−3.47	11⅛-12⅛ dis	−4.04
Sweden	11.53-11.62	11.53-11.54	1⅝-2⅝ore dis	−2.14	4⅝-5½ dis	−1.80
Japan	330-334½	330½-331½	1.00-0.92y pm	3.48	2.58-2.47 pm	3.05
Austria	27.85-28.05	27.87-27.92	8⅝-7⅛gro pm	3.44	28½-19½ pm	3.44
Switz.	3.15-3.18	3.15¼-3.16¼	2-1½c pm	6.65	4⅞-4⅝ pm	5.54

Belgian rate is for convertible francs. Financial franc 82.15-82.25. Six-month forward dollar 0.28-0.33c dis. 12-month 0.70-0.80c dis.

THE DOLLAR SPOT AND FORWARD

Jan 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4090-1.4290	1.4105-1.4115	0.03-0.08c dis	−0.47	0.13-0.18dis	−0.44
Ireland†	1.1040-1.1130	1.1040-1.1050	0.26-0.23c pm	2.66	0.65-0.58pm	2.23
Canada	1.2445-1.2480	1.2475-1.2480	par-0.02c dis	−0.10	par-0.02dis	−0.03
Nethlnd.	3.1320-3.1600	3.1580-1.1600	1.09-0.99c pm	3.96	2.90-2.80pm	3.61
Belgium	56.80-57.27	57.25-57.27	3-4c dis	−0.73	15-18 dis	−1.15
Denmark	10.07½-10.17	10.16½-10.17	¼-1¼ore dis	−1.18	0.60-1.10dis	−0.33
W. Ger.	2.7835-1.8100	2.8085-2.8095	0.98-0.93pf pm	4.09	2.57-2.52 pm	3.63
Portugal	134.40-135.30	134.80-135.30	100-225c dis	−14.44	300-680dis	−14.52
Spain	158.65-159.45	159.30-159.40	110-130c dis	−8.99	340-380 dis	−9.11
Italy	1690½-1706	1704½-1705½	10¾-11½lire dis	−7.86	29¼-30¼ dis	−7.12
Norway	7.7980-7.8350	7.8300-7.8350	2.30-2.80ore dis	−3.91	6.60-7.10dis	−3.50
France	8.5075-8.5950	8.5850-8.5900	2.15-2.30c dis	−3.11	7.70-8.10dis	−3.69
Sweden	8.1300-1.1800	8.1750-8.1800	0.70-1.20ore dis	−1.39	2.60-.310dis	−1.39
Japan	233.00-234.70	234.25-234.35	0.78-0.74y pm	3.89	2.05-2.00 pm	3.46
Austria	19.62½-19.79	19.77½-19.78½	6.40-5.70gro pm	3.68	18-16 pm	3.44
Switz.	2.2155-2.2380	2.2355-2.2365	1.28-1.23c pm	6.74	3.35-3.30 pm	5.96

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.20-58.30.

OTHER CURRENCIES

Jan. 17	£	$		£ Note Rates
Argentina Peso...	35.12-35.19	24.82-24.85	Austria..........	27.90-28.20
Australia Dollar..	1.5645-1.5675	1.1065-1.1075	Belgium	82.15-82.95
Brazil Cruzeiro...	1,426.3-1,434.4	1,008-1,015	Denmark..........	14.34-14.48
Finland Markka..	8.3425-8.3565	5.9110-5.9160	France..........	12.12-12.24
Greek Drachma..	144.50-144.90	102.40-102.50	Germany..........	3.94½-3.98½
Hong Kong Dollar	11.00¾-11.01½	7.7935-7.7955	Italy..........	2415-2455
Iran Rial..........	125.30*	89.00*	Japan..........	331-336
Kuwait Dinar (KD)	0.4175-0.4180	0.29380-0.29480	Netherlands......	4.45-4.49
Luxembourg Fr..	80.75-80.85	57.25-57.27	Norway..........	11.09-11.20
Malaysia Dollar..	3.3025-3.3085	2.3395-2.3410	Portugal..........	191-205
New Zealand Dlr.	2.1745-2.1795	1.5386-1.5410	Spain..........	226¼-236½
Saudi Arab. Riyal	4.9890-4.9950	3.5100-3.5110	Sweden..........	11.56-11.67
S'ngapore Dollar	3.0075-3.0155	2.1295-2.1310	Switzerland......	3.16-3.19
Sth. African Rand	1.7570-1.7695	1.2525-1.2540	United States....	1.41¾-1.43¾
U.A.E. Dirham....	5.2195-5.2230	3.6720-3.6730	Yugoslavia......	204-216

* Selling rates.

CURRENCY RATES

Jan. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling........	—	0.727835	0.567929
U.S. $	8½	1.03862	0.809856
Canadian $......	9.99	*	1.00869
Austria Sch.	3¾	20.4006	15.9058
Belgian Fr...	10	59.0637	46.0995
Danish Kr....	7	10.4849	8.18572
D'mark........	4	2.89360	2.25993
Guilder........	5	3.25400	2.54176
French Fr....	9½	8.84956	6.90897
Lira..........	17	1757.35	1371.51
Yen..........	5	242.258	189.306
Norwgn Kr..	8	8.11785	6.32505
Spanish Pta.	—	164.829	128.607
Swedish Kr..	8½	8.44398	6.59798
Swiss Fr......	4	2.30750	1.79993
Greek Dr'ch	20½	105.711	82.3958

*C$/SDR rate for Jan 16: 1.28922.

CURRENCY MOVEMENTS

Jan. 17	Bank of England Index	Morgan Guaranty Changes%
Sterling..........	82.3	−8.4
U.S. dollar..........	131.4	+19.0
Canadian dollar....	92.5	+0.5
Austrian schilling.	113.5	+3.4
Belgian franc......	88.8	−12.3
Danish kroner......	77.7	−5.9
Deutsche mark. ...	125.4	+6.4
Swiss franc........	149.8	+13.7
Guilder..........	113.4	+3.6
French franc......	65.5	−15.9
Lira..........	48.5	−12.3
Yen..........	157.1	+13.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 17	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.411	3.965	331.0	12.115	3.158	4.460	2405.	1.761	80.80
U.S. Dollar	0.709	1.	2.809	234.3	8.588	2.236	3.160	1705.	1.248	57.26
Deutschemark	0.252	0.356	1.	83.48	3.055	0.796	1.125	606.4	0.444	20.38
Japanese Yen 1,000	3.021	4.265	11.98	1000.	36.60	9.539	13.47	7264.	5.319	244.1
French Franc 10	0.825	1.165	3.273	273.2	10.	2.606	3.681	1985.	1.453	66.69
Swiss Franc	0.317	0.447	1.256	104.8	3.837	1.	1.413	761.5	0.558	25.59
Dutch Guilder	0.224	0.316	0.889	74.22	2.716	0.708	1.	539.1	0.395	18.12
Italian Lira 1,000	0.416	0.587	1.649	137.7	5.038	1.313	1.855	1000	0.732	33.60
Canadian Dollar	0.568	0.801	2.252	188.0	6.882	1.794	2.533	1366.	1.	45.90
Belgian Franc 100	1.238	1.746	4.907	409.7	14.99	3.908	5.520	2976.	2.179	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term........	9-9⅛	9⅛-9⅜	9¾-10¼	5¾-5⅞	2-2¼	5⅜-5⁹⁄₁₆	11¾-12	15½-16½	9½-10	9½-10	5¾-5⅞	10⅛-10⅝
7 day's notice....	9⅛-9¼	9⁵⁄₁₆-9⁷⁄₁₆	9¾-10¼	5⅝-5¾	1¾-2	5½-5⅝	12-12¼	16-17½	10-10½	10-10½	5⅞-6	11⅜-11⅞
Month..............	9⅛-9¼	9⁷⁄₁₆-9⁹⁄₁₆	9½-9¾	5⅝-5¾	3¼-3⅜	5⅝-5¾	12¼-12½	16½-17¼	10-10½	10⅜-10⅝	5⅝-6	11¼-11¾
Three months......	9⅜-9½	9⅝-9¾	9⅝-9⅞	6-6⅛	3⅜-3½	5⅞-6	13¼-13½	16¾-17¼	10¾-11¼	10¾-11	6-6⅛	11-11½
Six months........	9½-9⅝	9⅞-10⅛	9¾-10	6⅛-6¼	3⅝-3¾	6⅛-6¼	14-14¼	17⅜-17⅞	11-11½	11⅛-11⅜	6¼-6⅜	10⅞-11⅜
One Year...........	9⅞-10	10⅛-10⅜	10-10¼	6⅜-6½	4⅛-4¼	6⅜-6½	14⅜-14⅝	17¾-18½	11-11½	11⅛-11⅜	6⅝-6⅞	11-11½

Asian $ (closing rates in Singapore): Short-term 9⁷⁄₁₆-9⁹⁄₁₆ per cent; seven days 9½-9⅝ per cent; one month 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; three months 9¾-9⅞ per cent; six months 9⅞-10 per cent; one year 10³⁄₁₆-10⁵⁄₁₆ per cent. Long-term Eurodollars two years 11-11¼ per cent; three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 12-12¼ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates show little change

Interest rates were little changed in London yesterday in rather subdued trading. Three-month interbank money was quoted at 9⅝-9½ per cent compared with 9⅜-9⁹⁄₁₆ per cent while three-month eligible bank bills were bid at 8⅞ per cent, unchanged from Monday. Overnight interbank money opened at 8⅞-8⅞ per cent and rose to a high of 9½ per cent before slipping away to finish at 3 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of bills together draining £219m and Exchequer transactions a further £170m. On the other hand banks brought forward balances £48m above target and there was a fall in the note circulation of £97m.

The shortage was then revised to £350m and the Bank gave assistance in the morning of £91m. This comprised purchases of £24m of eligible bank bills in band 1 (up to 14 days) at 9¹⁄₁₆ per cent and £25m in band 2 (15-33 days) at 9 per cent. In band 3 (34-63 days) it bought £8m of eligible bank bills at 8¹⁵⁄₁₆ per cent and in band 4 (64-91 days) £34m at 8⅞ per cent.

The shortage was again revised in the afternoon to £300m without taking into acount the morning's help and the Bank gave further assistance in the afternoon of £216m. This comprised purchases of £9m of eligible bank bills in band 1 at 9¹⁄₁₆ per cent and in band 2 £3m of Treasury bills, £4m of local authority bills and £48m of eligible bank bills at 9 per cent. In band 3 it bought £57m of eligible bank bills at 8¹⁵⁄₁₆ per cent and in band 4 £95m of eligible bank bills at 8⅞ per cent.

In Frankfurt call money was quoted at 5.5-5.6 per cent, unchanged from Monday although banks were still seeking to build up reserve asset holdings ahead of tomorrow's meeting of the Bundesbank central council. There had been fears that the authorities might increase the Lombard rate from its current 5.5 per cent level but the D-mark's recent improvement against the dollar has virtually removed the possibility of such a move.

In Tokyo interest rates were slightly easier with short term liquidity in good supply. The unconditional call rate slipped to 6.03125 per cent from 6.15625 per cent last Friday and could fall below 6 per cent before conditions tighten towards the end of the week when the market will absorb the Government's latest long-term bond offering. Rates are likely to remain firm at the beginning of next week with further funds drained through monthly wage payments.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Jan. 17	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11⅞	1½-2	5⅜-5¼	6.03125	17½-17⅞	6.20	11½-12
One month	5.95-6.05	12⅛-12¼	3⅛-3¼	5⅞-6	6.09375	17½-17⅞	10⅜-10⅝	12-12¼
Two months	5.95-6.05	12³⁄₁₆-12⁵⁄₁₆	—	—	—	—	—	12-12¼
Three months	6.05-6.20	12⁵⁄₁₆-12⁷⁄₁₆	3⁹⁄₁₆-3¹¹⁄₁₆	6-6⅛	6.21875	17¾-18⅛	10¾-11	12-12¼
Six months	6.25-6.40	12⁵⁄₁₆-12⁷⁄₁₆	—	6¼-6⅜	—	—	11-11¼	12¼-12½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 17 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3-9½	8⅞-9	5-9¼	3-9⅛	—	—	—	—	—
2 days notice	—	—	8¾-8⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	8⅞-9⅛	8⅞-9	9-9⅛	8¾-9	—	—	—	—	—
One month	9¼-9⅛	9⅛-9¼	9¼	9⅛-9⅛	9	9	8⅞	9⅟₃₂	9	9⅟₃₂
Two months	9⅟₃₂-9¼	9¼-9⅜	9⅛	9⅝	9-9⅛	8⅞	8⅞	8⅞	8⅞	9⅛
Three months	9⅜-9⅜	9⅜-9½	9⅜	9¾	9-9⅛	8⅞	8⅞-8⅞	8⅞	8⅞	9½
Six months	9½-9⅝	9⅝-9⅝	9⅝	—	—	—	—	9-9⅛	8⅞-9	9⅝
Nine months	9⅝-9¾	9¾-9⅞	9¾	—	—	—	—	—	—	—
One year	9⅝-9⅞	9⅞-10	9⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¾-9⅛	—	9⅛	9.4-9.5	8½-8¾	9⅛-9⅜
Two months	9¾-9½	—	9⅜	9.4-9.5	8⅝-8⅞	9⅜-9⅝
Three months	9¾-9½	—	9⅝	9.5-9.6	8⅞-9⅛	9⅜-9⅝
Six months	9½-9¼	—	9⅝	9.65-9.75	9⅛-9⅜	9⅛-9⅜
Nine months	9⅞-9⅝	—	9⅞	9.90-10.00	—	—
One year	9⅞-9⅝	—	10	10.00-10.20	9⅜-9⅝	10-10¼
Two years	—	10¾	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Fixed Houses Base Rates (published by the Finance Houses Association). 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8823 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month: 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½
Fed funds	9⅝
Fed funds at intervention	—

Treasury Bills

One month	8.45
Two month	8.50
Three month	8.81
Six month	8.91
One year	8.97

Treasury Bonds

Two year	100⅜
Three year	100½
Four year	100⁹⁄₃₂
Five year	100⁹⁄₃₂
Seven year	101⅛
10 year	101⅛
30 year	102¹⁵⁄₃₂

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. January 17)

3 months U.S. dollars	
bid 9 11/16	offer 9 13/16

6 months U.S. dollars	
bid 9 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Gilts easier

Gilt prices lost ground in the London International Financial Futures Exchange yesterday. Early demand pushed values firmer on the strength of the U.S. bond market and sterling's improvement against the dollar. The March contract opened at 109-27 but selling developed as soon as a high of 110 was touched. The consequent lack of follow through reflected to some extent a softer trend in the cash market with U.S. influences insufficient to sustain the rally.

There were few domestic factors to underpin prices with news of a rise in UK industrial production apparently having little effect. The March contract finished at 109-11 with sterling's late fall on rumours, later denied, of a cut in Nigerian oil prices, contributing to the weaker trend. Short sterling contracts traded quietly for most of the day. An early rally was short-lived and prices fell back after the opening of U.S. markets to finish unchanged on the day.

Euro-dollar prices were unchanged from opening levels but down from Monday. The March price opened and closed at 90.19 compared with 90.24 previously. Euro-dollars still continued to attract a reasonable demand but any sustained improvement was being hampered by the high level of Federal funds. Much will depend on how the Fed reacts to current economic trends. A reduction in interest rates would provide a welcome boost although the Fed is unlikely to act hastily and even then not before there are clear signs as to future trends in U.S. economic performance.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.19	90.26	90.19	90.24
June	89.88	89.91	89.85	89.89
Sept	89.57	89.63	89.57	89.58
Dec	89.29	89.36	89.29	89.32
March	89.10	—	—	89.13

Volume 2,972 (4,534)
Previous day's open int. 8,495 (8,932)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.51	90.54	90.49	90.51
June	90.31	90.35	90.30	90.32
Sept	90.15	90.18	90.14	90.12
Dec	89.97	—	—	89.94

Volume 882 (1,018)
Previous day's open int. 5,653 (5,581)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-11	110-00	109-10	109-27
June	109-11	110-00	109-04	109-27
Sept	108-12	—	—	109-23
Dec	107-31	—	—	108-15
March	107-16	—	—	108-02

Volume 4,160 (2,995)
Previous day's open int. 3,620 (3,117)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 30 to 40 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4165	1.4290	1.4165	1.4205
June	1.4175	1.4275	1.4175	1.4215
Sept	1.4195	—	—	1.4235

Volume 436 (302)
Previous day's open int. 2,330 (2,321)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3585	0.3613	0.3585	0.3601
June	0.3618	—	—	0.3633
Sept	0.3649	—	—	0.3664

Volume 127 (74)
Previous day's open int. 382 (359)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4516	0.4516	0.4515	0.4547
June	0.4569	—	—	0.4600
Sept	—	—	—	—

Volume 1 (24)
Previous day's open int. 171 (161)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4291	0.4313	0.4291	0.4314
June	0.4329	—	—	0.4346
Sept	—	—	—	—

Volume 88 (161)
Previous day's open int. 324 (279)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-16	71-23	71-13	71-21
June	70-30	71-05	70-27	71-02
Sept	70-11	70-19	70-09	70-16
Dec	69-26	70-02	69-26	70-00
March	69-12	69-14	69-12	69-18
June	68-31	69-01	68-31	69-05
Sept	—	—	—	68-25
Dec	68-09	68-11	68-09	68-14
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.05	91.08	91.03	91.06
June	90.74	90.77	90.73	90.74
Sept	90.44	90.46	90.44	90.44
Dec	90.18	90.21	90.17	90.18
March	89.93	89.95	89.91	89.90
June	89.68	89.70	89.68	89.65
Sept	89.46	89.49	89.46	89.46
Dec	89.28	89.28	89.28	89.27

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.27	90.34	90.25	90.28
June	89.89	90.02	89.89	90.01
Sept	89.65	89.71	89.65	89.68
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.23	90.30	90.22	90.24
June	89.89	89.94	89.86	89.91
Sept	89.58	89.64	89.58	89.59
Dec	89.29	89.36	89.29	89.32
March	89.05	89.05	89.02	89.06
June	88.85	88.75	88.73	88.82

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4065	1.4225	1.4070	1.4245
June	1.4100	1.4265	1.4090	1.4255
Sept	1.4120	1.4310	1.4110	1.4270
Dec	1.4160	1.4325	1.4125	1.4285
March	1.4140	1.4340	1.4140	1.4300

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-25	69-31	69-22	69-29
June	68-29	68-30	68-26	69-01
Sept	68-01	68-06	67-30	68-03
Dec	67-08	67-09	67-05	67-11
March	66-01	66-01	66-01	66-04
June	65-19	65-19	65-18	65-21
Dec	65-05	65-05	65-05	65-09

INTERNATIONAL CAPITAL MARKETS

Eurobonds worth $650m launched

BY MARY ANN SIEGHART IN LONDON

THE EURODOLLAR bond market saw a burst of new issue activity yesterday with five bonds worth nearly $650m being launched.

BHF Bank bond average		
Jan 17		Previous
98.357		98.220
High	1983/84	Low
102.017		97.699

After fierce competitive bidding, Morgan Stanley, Credit Suisse First Boston and UBS Securities won the mandate to lead a $200m bond for General Electric Credit, the U.S. financial and insurance company. The seven-year bond has an 11 per cent coupon at par.

Also on offer are 200,000, 11-month warrants at $17 each to buy a 10-year, 11 per cent bond at 99¾. Including the proceeds of the warrants, General Electric has managed to raise funds at a cost of about 0.80 per cent cheaper than the rate the U.S. Treasury currently has to pay in New York.

Despite the relatively aggressive pricing, the bonds sold at a discount of around 1½ points, only just outside their 1¾ per cent selling concession. The warrants changed hands at their offer price.

Also raising $200m is Ontario Hydro. Deutsche Bank is leading the deal, which pays 11⅝ per cent at par for 10 years. The maturity is a little long for current market conditions, but the borrower is well-regarded. The issue traded at a discount of around 1⅝ per cent, just outside its 1⅞ per cent selling concession.

Swedish Export Credit, with its $100m bond, had exactly the opposite problem – the maturity, at five years, is just what investors want, but the name is considered less attractive.

The bond has an 11½ per cent coupon at a price of 99¾ per cent and is led by Svenska International with Skandinaviska Enskilda Banken and PKbanken. It traded at a discount of around 1½ points, slightly more than its 1¼ per cent selling concession.

Grindlays Bank achieved the finest terms ever on a floating rate note on its $100m issue launched yesterday. The strength of demand in that market is such that Grindlays is raising the money on an all-in cost of only 0.1625 per cent over the six-month London interbank offered rate (Libor) on a straight line basis.

The 10-year deal pays ⅛ per cent over six-month Libor at par and has front-end fees of just 0.375 per cent. Nevertheless, it sold at a discount of only 0.03 per cent. CSFB is leading the deal with Grindlay Brandts and Samuel Montagu.

Österreichische Kontrollbank is activating part of the tap on its 10 per cent issue launched in 1982. Orion Royal Bank is offering another $46m of the issue, which takes the total up to $146m out of a possible $175m. The bonds have another seven years and two months to run, and were being sold by Orion at around 90¾ yesterday.

CSFB has increased Banque Nationale de Paris' floating rate note, issued on Monday, from $350m to $400m. The increase made no dent on the price, which is still 99.25.

Loan for Swedbank

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SWEDBANK, Sweden's fourth largest commercial bank, is arranging a $100m seven-year loan facility in the Euromarkets to back up the issue of commercial paper in the U.S.

The funds are being made available through what is technically known as a Revolving Underwriting Facility in which the borrower issues a continuous series of short-term certificates of deposit with the full amount underwritten by a group of leading banks.

Such facilities are becoming increasingly popular because of their low cost, but this is believed to be the first to be issued by a Swedish bank. It also bears an unusual feature in that the money can be made available to Swedbank on the very day that it requests activation of the facility.

It is being arranged by Merrill Lynch together with Fennoscandia, the consortium bank in which Swedbank holds a 50 per cent stake. Merrill Lynch will be sole placing agent for the paper and the lead managing underwriter is Irving Trust.

The facility is a standby arrangement but if issued the certificates will pay interest at the London interbank bid rate for Eurodollars.

Turkey seeks to tap market for $300m

BY DAVID TONGE IN ANKARA

TURKEY HAS decided to approach the Euromarkets for a $300m medium-term loan, only its second such borrowing since it rescheduled most of its foreign debt in 1979.

Mr Yavuz Canevi, the governor of the central bank, said yesterday that Turkey was now inviting bids to lead manage the loan. In his first interview since taking office on Monday, he said the bank was hoping for better terms than it obtained on the $200m loan signed last summer.

The terms of this were five years at 1¾ per cent over Libor (London interbank offered rate). Turkey is now looking for six or seven-year money ahead of its debt service hump in 1985 and 1986.

Mr Caveni said the loan is to help to finance the new Turkish Government's radical economic programme. Following a major series of changes in import, export and foreign exchange regulations, the Government is forecasting a current account deficit of $960m this year, compared with $1.6bn in 1983.

Exports are expected to increase from $5.9bn to $6.8bn, and imports from $9.1bn to $9.5bn. Increased earnings from tourism and transport are predicted. Since taking office one month ago, the Ozal Government has liberalised imports, streamlined the country's hidebound foreign exchange regulations and made major changes in the export regime. It is slashing export subsidies and Mr Canevi said yesterday that "my main task is to ensure Turkey follows a realistic exchange rate policy in order to promote exports."

The Government is also hoping to attract foreign investment. Yesterday it gave permission to Chase Manhattan and First National Bank of Boston to start full commercial operations in Turkey.

Previously, American Express and Citibank had been the only American banks among the nine foreign banks authorised to operate in Turkey.

The Turkish Government is now winding up talks with a team from the International Monetary Fund, which is reportedly impressed by many of the changes made, although it has some reservations about the size of the projected budget deficit for 1984. Most Turkish businessmen have responded positively to the latest measures, which also include changes in the banking interest rate structure.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 17.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Comm 11¼ 90	100	101⅜	101⅞	0	−0⅛	10.88
Australia Comm 11½ 95	300	97½	98	−0⅛	−0⅛	11.85
Australia Comm 11⅝ 98	100	97½	98	+0⅛	+0⅛	11.94
Bank of Tokyo 11 90	100	95⅝	96⅛	+0⅛	+0¾	11.95
Bank of Tokyo 11⅞ 90	100	98⅝	99⅛	−0⅛	−0⅛	12.11
British Col Hyd 10¼ 88	200	96¾	97¼	0	+0½	11.16
Britoil Fin 11⅞ 90	125	99⅞	100⅜	−0¼	0	11.82
Canada 10⅞ 88	500	98¾	99¼	−0⅛	+0⅛	11.13
C.C.C.E. 12⅝ 95	75	100⅛	100⅝	0	+0¼	12.53
C.I.B.C. 11 90	75	92¼	93	−0⅛	−0¼	12.74
Citicorp O/S 10⅜ 90	100	91¾	92¼	0	+0⅞	12.23
Citicorp O/S 11¾ 90	100	98⅛	98⅞	0	+0¼	12.03
Cred Suisse BAH 10½ 90	150	99⅛	99⅝	0	+0⅞	10.63
Den Norsk Cred 11⅛ 93	50	92⅞	93⅜	0	+0¼	12.51
Denmark Kingdom 12¼ 93	100	97⅞	98⅜	+0⅛	+0⅝	12.58
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	0	+0½	11.87
E.D.F. 11⅛ 93	100	94⅛	94⅝	+0⅛	+1⅛	12.14
E.E.C. 11 87	350	98½	99	−0⅛	−0⅞	11.48
E.E.C. 12 93	50	99⅝	100⅛	0	+0⅝	12.01
E.I.B. 10¾ 93	200	92¼	92¾	+0⅛	+1	12.11
E.I.B. 11 91	125	95⅛	95⅝	0	−0¼	11.98
E.I.B. 11½ 90	200	97⅜	97⅞	+0⅛	+0⅛	12.01
Exportfinans 11½ 90	100	97⅛	97⅝	+0¼	+0⅝	12.06
Electrolux 10½ 90	50	93⅛	93⅝	+0¼	+0⅛	12.01
Fuji Int Fin 10⅞ 90	100	94¼	94¾	+0¼	+0⅞	12.14
GMAC O/S Fin 11⅜ 90	100	99¾	100¼	0	−0⅝	11.35
Honeywell Int 10¾ 90	100	96⅛	96⅝	0	0	11.58
IC Indust Fin 11⅞ 98	75	96⅞	97⅜	0	+0⅛	12.30
Indust Bk Japan 11⅞ 91	100	99¾	100¼	+0⅛	−0¾	11.85
ITT Finance 11½ 89 WW	125	99⅞	100⅜	+0⅛	+0¾	11.45
Japan Air Lines 10⅞ 98	42	92¾	93¼	0	−1	11.98
Japan Air Lines 11 93	75	95½	96	0	−0¾	11.74
J.C. Penney 11⅞ 90	100	101	101½	−0¼	−0⅛	11.57
J. P. Morgan 11⅜ 90 WW	150	98½	99	+0¼	−0½	11.62
Levi Strauss Int 11 90	75	96⅜	96⅞	−0⅛	−0¼	11.74
L.T.C.B. 10¾ 90	100	94⅛	94⅝	+0⅛	+1	12.03
L.T.C.B. 12½ 90	85	102¼	102¾	+0⅛	+0⅛	11.91
Merrill Lynch 10⅝ 90	200	95⅛	95⅝	+0⅛	+0⅛	11.68
Mitsubishi Fin 11⅜ 90	100	96⅛	96⅝	0	+0⅛	12.18
Nippon Credit 11 90	100	94⅝	95⅛	+0¼	+0⅞	12.18
Nippon Credit 11⅞ 90	100	98⅝	99⅛	+0¼	+1¼	12.11
Ontario Hydro 10¼ 90	250	94	94½	−0⅛	0	11.55
Ontario Hydro 11¾ 90	200	100⅞	101⅜	−0⅛	−0½	11.47
Pacific Gas & Elec 12 91	75	102⅛	102⅝	−0⅛	−0⅛	11.58
P.K. Banken 12 90 WW	75	96⅞	97⅜	−0⅛	+0¼	12.63
Prudential 10⅞ 93 WW	150	96⅝	96⅞	0	+3	10.69
Prudential 10⅞ 93 XW	150	90¼	90¾	−0⅛	−0⅛	11.79
Quebec Hydro 11½ 92	100†	98¼	98¾	−0⅛	+0⅛	11.77
Sears O/S Fin 11½ 88	125	101⅜	101⅞	0	−0¼	11.03
Sears O/S Fin 11⅝ 93	150	98½	99	0	+0⅛	11.83
Sth Cal Edison 10½ 90	75	95⅞	96⅛	−0⅛	+0⅛	11.37
Sumitomo Fin 10⅞ 90	100	94	94½	−0⅛	+0⅝	12.19
Texaco Capital 10½ 93	200	94⅝	95⅛	−0⅛	−0⅛	11.38
U.B.S. 10 88	100	98⅜	98⅞	+0⅛	+0½	10.38
World Bank 11¼ 88	100	99½	100	−0⅛	−0⅜	11.28
World Bank 11¼ 90	200	96⅞	97⅜	−0⅛	−0½	11.87
World Bank 11½ 90	150	98⅛	98⅝	−0⅛	−0⅛	11.83
World Bank 12 93	200	100⅛	100⅝	−0⅛	−0⅛	11.98

Av. price changes: on day 0, on week −¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	97½	98	0	−0⅜	8.65
A.N.A.S. 8½ 91	150	98	98½	0	0	8.84
Arab Banking Corp 8 88	100	96⅛	96⅝	−0¼	−0⅜	8.96
Asian Dev Bk 8½ 93	200	99⅝	100⅛	0	−0⅜	8.51
Austria, Rep 7⅝ 89	160	101	101½	−0⅛	−0⅝	7.32
Avon Int Fin 7½ 93	100	101	101½	0	0	7.30
Barclays O/S 8⅛ 98	250	99	99½	0	−0⅛	8.21
Beatrice Foods 7¾ 93	130	102⅝	103⅛	0	−0⅛	7.32
E.C.S.C. 8 90	160	100⅜	100⅞	−0⅜	−0⅜	7.86
E.I.B. 8 93	200	98¾	99¼	−0¼	−0⅛	8.14
Eurofima 7½ 90	100	100⅞	101⅜	−0¼	−1	7.26
Europarat 8¼ 93	150	99⅜	99⅞	−0⅛	−0¼	8.30
Finland Rep 8 90	150	99⅝	100⅛	−0⅛	−0½	8.01
I.A.D.B. 8¼ 93	150	97⅝	98⅛	−0⅛	−0¼	8.57
Int Standard Ele 7⅜ 90	100	99¾	100¼	−0⅛	−0¼	7.37
Int Standard Ele 7¾ 93	100	101½	102	−0⅛	0	7.48
Ireland 8⅝ 91	150	100⅝	101⅛	0	−0⅜	8.45
Japan Dev Bank 7½ 90	100	100⅞	101⅜	−0⅛	−0⅜	7.26
L.T.C.B. 8 90	100	100½	101	−0⅛	−0⅛	7.83
Magal Fin 8¼ 94	150	97⅛	97⅝	−0⅛	0	8.65
Sth Africa Rep 8½ 91	200	99⅛	99⅝	−0⅛	−0½	8.61
S.N.C.F. 8⅛ 93	100	99⅞	100⅜	0	−0⅜	8.10
VEBA Int Fin 4 93 WW	300	117¼	117¾	−0⅝	−0⅛	2.03
VEBA Int Fin 4 93 XW	300	76⅛	76⅞	−0⅜	+1½	7.43
World Bank 7⅞ 89	300	100⅛	100⅝	−0⅛	−0⅛	7.77
World Bank 8 93	300	98¾	99¼	0	−0⅛	8.15

Av. price changes: on day −⅛, on week −¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7¼ 91	57	77	77¼	−0½	−0¼	11.89
Bank of Tokyo 6 91	100	102½	102¾	0	−0⅛	5.56
Denmark 6⅜ 91	100	103	103¼	−0½	−0½	5.84
E.E.C. 6 93	100	101¼	101½	−0¼	−0¼	5.81
Elec Power Dev 5⅝ 93	100†	100½	100¾	+0¼	0	5.54
Europarat 6⅛ 93	100	100	100¼	+0¼	+0½	6.10
Ind Fund Fin 6¼ 91	40†	101½	102	0	−0⅛	5.95
Int-Am Dev Bk 6 93	100	100¾	101	−0⅜	−0¾	5.88
Ireland 6½ 93	80	101½	101¾	−0½	−1¼	6.27
Japan Dev Bank 5⅞ 93	100	102½	102¾	−1	−0¼	5.51
Jap Highway Pub 5⅝ 91	100	101¾	102	0	0	5.32
Kansai Ele Power 6 91	100	103	103¼	+0¼	−0⅜	5.47
Manitoba Prov 5½ 93	100	102½	102¾	−0⅛	−0½	5.15
Mont Blanc Tunl 6⅜ 93	35	102½	102¾	−0¼	−0⅛	6.01
Mount Isa Finance 6 93	100	103	103¼	−0¾	0	5.58
MTG Bk Denmark 6¼ 91	80	102¼	102½	−0⅛	0	5.86
New Brunswick 5¾ 93	100	103½	103¾	−0⅛	0	5.28
Nippon Tel & Tel 5¾ 93	100	103⅝	103⅞	−0⅛	+0⅛	5.25
Nisshin Steel 6¼ 91	100	101½	101¾	−0⅛	−0½	5.97
Oster Post 6⅛ 91	100	103¼	103½	−0⅜	+0⅛	5.55
Quebec Province 5⅝ 93	100	101¼	101½	0	−0¼	5.44
Shikoku Elec Power 6 91	100	102¾	103	−0¼	−0¼	5.54
Soc Lux Cent 5¾ 93	100†	100	100¼	0	0	5.73
Sumitomo Heavy Ind 6 91	100	102	102¼	−0⅜	0	5.65
Tokyo Elec Power 5⅞ 91	100	102¾	103	−0⅛	−0¼	5.48
Trizec Corp 6⅛ 93	100	101¾	102	0	+0⅛	5.86

Av. price changes: on day 0, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	107	107½	−0⅛	+0⅛	7.46
E.I.B. 8⅛ 92	15	103½	104¼	−0⅛	+0⅛	7.60
Int-Am Dev Bk 7⅞ 93	15	101¾	102½	0	−0⅜	7.55
New Zealand 7⅝ 89	15	104⅛	104⅞	0	+0½	6.63
World Bank 7⅝ 93	20	102	102¾	+0⅛	+0⅛	7.27

Av. price changes: on day 0, on week −½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 CS	125	97⅞	98⅜	0	+0⅛	12.33
E.I.B. 12⅛ 91 CS	80†	97⅞	98⅜	+0⅛	+0½	12.50
Loblaw 12½ 90 CS	35†	98⅜	98⅞	0	+0½	12.80
Montreal City of 12 90 CS	50†	98	98½	−0½	+0⅛	12.38
Quebec Hydro 12¾ 93 CS	50†	102½	103	0	+0½	12.22
Royal Trstco 12⅜ 88 CS	50†	101⅛	101⅝	0	0	12.17
World Bank 12¼ 90 CS	75†	100⅜	101⅜	+0⅛	+0⅛	11.97
E.E.C. 11 93 ECU	50	100⅜	101⅜	−0⅜	−1⅞	10.84
Genfinance 11 90 ECU	70	99½	100½	0	+0⅛	10.87
Algemene Bank 8¼ 88 Fl	150	102⅞	103⅜	0	−0¼	7.88
Amro Bank 8¾ 88 Fl	100	103¼	103¾	+0⅛	−0⅜	7.82
Bank Mees & Hope 9 88 Fl	75	103⅞	104⅜	0	−0⅛	7.89
Ned Middenstandbk 9 88 Fl	100	102½	103	−1	−1½	8.27
Rabobank 9 88 Fl	100	103⅞	104⅜	+0⅛	−0⅜	7.85
World Bank 9 88 Fl	100	103¼	103¾	0	0	8.06
O.K.B. 14 86 FF	400	101	102	0	0	13.89
Solvay & Cie 14¾ 86 FF	200	102¼	103¼	0	+0⅛	13.14
B.F.C.E. 11½ 88 £	50	99⅝	100⅜	0	+0¾	11.48
British Oxyg 11⅜ 91 £	50	100⅜	101⅛	−0⅛	0	11.56
CEPME 11¼ 95 £	35	104½	105	−0⅜	−0⅞	10.50
CIBA-Geigy Int 6⅝ 93 £	25	101½	102¼	+0½	+0½	6.45
Commerzbank 11½ 90 £	25	97⅝	98⅜	0	+0¼	11.93
E.E.C. 11⅞ 91 £	50	100⅞	101⅝	−0⅛	−0⅛	11.60
E.E.C. 11⅞ 93 £	50	100⅞	101⅝	−0⅛	−0⅛	11.63
Fin For Ind 10½ 90 £	20	95⅛	95⅞	0	−0⅛	11.51
Finland Rep 11⅞ 88 £	50	101	101¾	+0⅛	+0⅛	11.44
Gen Elec Co 12½ 89 £	50	103¾	104½	0	−0¼	11.34
I.I.I. 10¾ 93 £	25	95	95¾	−0⅛	−0⅛	11.55
I.I.I. 11½ 91 WW £	50†	99¾	100½	+0⅛	0	11.44
Norsk Hydro 12 90 £	30	101¼	102	+0⅛	+0¼	11.60
Sweden 11¼ 93 £	50	97¾	98½	−0⅛	−0⅜	11.56
Swed Exp Cred 11⅛ 88 £	30	98¾	99½	0	−0⅜	11.47
World Bank 11⅛ 88 £	100	99	99¾	0	−0⅛	11.27
Eurofima 10 91 LuxFr	600	99⅛	100⅛	0	−0¼	10.06
Europarat 10¾ 93 LuxFr	600	100⅛	101⅛	0	−0⅛	10.62

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95	0⅛	98⅜	98⅞	8/6	10.31	10.46
Banco di Roma 5¼ 90	0¼	100	100¼	7/6	10½	10.49
Belgium 5 2004	0⅛	99⅛	99⅜	9/7	10.31	10.38
Bk of New Yk 5⅛ 96 §	0⅛	99¼	99½	12/4	10.06	10.13
C.C.F. 5¼ 95	0¼	99⅞	100⅛	7/4	9.94	9.94
C.C.F. 5¼ 98 §	0¼	100	100¼	24/3	10.19	10.17
CEPME 5¼ 88 WW	0¼	100⅛	100⅜	3/3	10.31	10.29
C.N.C.A. 5¼ 95 XW	0¼	100	100¼	7/6	10½	10.48
C.N.T. 5¼ 91	0¼	99¾	100	6/5	10.19	10.20
Credit Foncier 5¼ 93	0¼	99⅞	100⅛	6/4	10	10.00
Denmark 5¼ 90	3/16	99¾	100	13/4	10	10.01
Dresdner Fin 5⅛ 93 XW §	0⅛	100⅛	100⅜	10/4	9.94	9.91
EAB Fin 5 93 §	0⅛	100⅛	100⅜	28/6	10.69	10.66
E.D.F. 5¼ 95 XW	0¼	100	100¼	10/2	11¼	11.38
E.E.C. 5 90	0⅛	100⅛	100⅜	8/7	10¼	10.35
Ex Int 5¼ 96	0¼	98⅛	98⅜	21/8	10.81	10.98
Fst Interstate 5⅛ 95 §	0⅛	99⅞	99⅝	9/3	9.94	9.98
Fuji Int'l 5¼ 96 §	0⅛	98⅝	98⅞	12/2	10¼	10.28
GZB 5¼ 96	0⅛	98⅝	98⅞	20/5	10.19	10.21
Hispano 5¼ 95	0⅛	98⅛	98⅞	28/4	10	10.12
Nat Bk Canada 5¼ 91 §	0¼†	98	98½	5/7	10.44	10.64
Saitama Int 5¼ 93	0⅛	99⅞	100⅛	5/6	10.19	10.18
Soc Generale 5¼ 98 XW	0¼	99⅞	100⅛	9/5	10.31	10.31
Sweden 5¼ 2003 §	0⅛	99¾	100	17/5	10.19	10.20

Av. price changes: on day 0, on week −⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4¼ 95	2/84†	100	98¼	99¾	0	−4.04
Bridgestone Tire 5½ 98	3/82	470	135⅛	137⅛	−1⅛	0.15
Canon 7 97	7/82	898.2	237⅝	239⅝	−3⅛	−1.67
Daiwa Sec Co 5½ 98	10/83†	481.8	109	110½	+3½	8.86
Fanuc 3⅛ 98	1/84	9142	123¾	124⅜	−2⅛	0.24
Hitachi Cable 5¼ 96	2/82	515	120⅛	121⅝	−0½	−1.66
Honda Motor 5¼ 98	6/83	884	123	124	−3⅛	−0.47
Honda Motor 5½ 97	3/83	768.8	142	143½	−2⅛	−0.87
Konishiroku Photo 4 98	10/83	873	102⅛	103½	−0⅛	6.81
Kyowa Hakko 6⅛ 97	2/83	702	121	122½	+2⅛	13.87
Minebea Co Ltd 5½ 98	5/83	867	111⅛	112⅛	+0⅛	1.32
Mitsubishi Electric 5⅛ 98	6/83	398	109⅛	110⅛	−1⅛	1.72
Mitsubishi Heavy 4⅞ 98	1/84	263	106⅛	107⅛	+0½	6.62
Nippon Electric 5⅛ 97	2/82	785.8	188⅛	189⅛	−2⅛	−1.45
Nippon Oil Co 5½ 98	4/83	984	115⅛	114⅛	−1½	7.79
Nissan Motor 5⅛ 98	4/83	780	110	111	−0⅛	1.75
Olympus Optical 6⅛ 97	12/82	1167	110⅛	112	−0⅛	6.62
Orient Leasing 5⅛ 98	6/83	2680	104⅛	105⅛	+0⅛	2.24
Secom 5 98	11/83	2828	154⅛	156	−3⅛	−1.06
Yamaichi Sec Co 5 98	8/83	449.5	109⅛	110⅛	−0⅛	−2.83
Yamanouchi Pharm'cal 4 90	10/83	1808	106	108	+0⅛	30.03
Bridge Oil 4⅛ 93 SF	3/84	3.43	108	111	−0½	23.17
Toshiba 2¾ 94 SF	1/84†	381	112½	114½	−0⅛	3.27
Amca 5 92 DM	12/83	520	117	118	−0⅛	7.93
Konishiroku 6⅛ 88 DM	6/82	616	127⅛	128⅛	+1⅛	1.28
Sun Realty 6¼ 92 DM	2/83	365	137⅛	138½	−0⅛	−4.89

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$300m

SECTION IV
FINANCIAL TIMES SURVEY
Wednesday, January 18 1984

UK Hotels and Catering

As one of the nation's biggest employers and earners of foreign currency, the industry is now being taken more seriously in Whitehall and Westminster. Certainly tourism and leisure are seen as industries wide open for people with flair and determination to seize opportunities.

Two cheers from Whitehall

BY ARTHUR SANDLES

FOR THE British hotels and catering business, 1984 arrived with a sweet and sour flavour. The good news was that the industry overall had a slightly better time in 1983, particularly in some sectors of the hotel business, and this has left a mood of optimism for the coming 12 months. The bad news was that a business which is one of the nation's biggest employers, has one of the best growth records, and is turning in one of the best foreign earnings records is not taken seriously by Whitehall and Westminster.

To some extent the industry's image problem is easy enough to understand. Its operations run from seaside winkle stalls, through rural coffee shops and the school meals service to London's glittering Park Lane hotels. Although it is claimed that some 2m Britons rely on the industry for their jobs, definitions of its parameters are difficult. Even now that some nice things are being said about it, the industry's own inferiority complex makes its elder statesmen express the fear that this is simply because other business sectors are doing so badly.

This view may be overcautious. It is certainly true that the more colourful end of the business, that associated with tourism, has begun to capture not only the imagination of politicians but also the headlines.

"Jobs in tourism are already three times the number found in the car industry," Mr Norman Lamont, Minister of State for Industry, recently told a meeting of City investors. "But we have hardly yet begun to reap the benefits on offer. In the long run the industry could be as important in economic terms as North Sea oil, and already is more important in terms of jobs. The tourism and leisure industries are wide open for people with flair and determination, whether they be businessmen seeking profitable investment, or young people seeking worthwhile careers."

200,000 outlets

There are more than 200,000 food and drink outlets in Britain, a figure which includes prisons and hospitals, fast food outlets and some 70,000 pubs. Spending on eating out will probably itself exceed £4bn this year, and this figure excludes the amounts spent on institutional and industrial catering.

Most senior people in the industry feel that it does not get the Government support it should, given its size, even if a conservative estimate is taken of employment levels (1.6m directly employed, or 2m if suppliers who rely on catering outlets are included). Industry consultant Mr Jonathan Bodlender recently offered the UK industry as an example when speaking at a conference on tourism in the UN General Assembly Hall. "In Britain the Government spends about £1.5bn annually on industrial assistance," he said. "It spends about £50m on tourism—that is 3 per cent of the total on an industry employing 8 per cent of the employment force, a figure which could increase to 10 per cent."

A few weeks ago Mr Robert Tiltscher, in a detailed examination of hotel investment, expressed unhappiness about the City's attitude towards the business.

"The general lack of flexibility shown by the financial institutions in their approach to the problems of UK hotel financing has been alarming," he said. Most financial institutions did not comprehend the mechanisms of the hotel industry, Mr Tiltscher added, and this lack of understanding had led to the neglect of the hotel industry within the institutions' much wider investment portfolios.

One of the difficulties has been that, traditionally, hotels do not show a quick return on capital. Indeed, for the first four or five years the results may be negative, after which the profits can be attractive. Such investment that has been secured has tended to be from sources which have recognised the hidden element, property values. Observers of the business, such as Mr Miles Quest, a noted commentator, suggest that this is one of the reasons why it is so difficult to raise money for "one-off" projects. Major groups, which can offer returns on a package of established and new projects, have much more muscle in the business.

There is a near universal view that some governmental pump-priming is required. It is argued, for example, that the overall cost of job creation in the industry (per job) is scarcely more than the annual payment to one unemployed person.

Planning problems and high UK buildings costs, together with other inhibitions to investment, are patently affecting green field development in the hotel business, but in other sectors spending is suddenly on the increase. Hotels generally are being refurbished. In Park Lane alone, the figure for the past couple of years has been put at around £30m. This pattern has been repeated, if more modestly, throughout the country. Cash being spent by new owners on former British Transport Hotels properties demonstrates the enthusiasm for revamping accommodation in the hope of achieving improved occupancy levels at higher room rates.

In catering the spread of fast food outlets is apparent on every highway, with their Little Chefs and Happy Eaters, and on every High Street, as Wimpy does battle with such trans-Atlantic immigrants as McDonalds and Pizza Hut. Even the revamping of a pub will seldom leave a brewer with much change out of £100,000 and some of the sophisticated U.S.-style franchise outlets involve initial investments in excess of £200,000.

When the latest tourism figures are finally computed, it will probably emerge that the number of Americans visiting the UK last year rose by around a third compared with 1982. The surge in traffic began when the exchange rate was well into the 1.50 dollars to the pound range, and it would thus take a spectacular fall in the dollar's value to dampen optimism about the coming year.

Industry soundings suggest that $1.60 might be the level at which marketing in the U.S. became sticky again. The only other spanner that might fly into the works (other than terrorism or major political upsets in Europe or the Middle East) could be greediness and overcharging on the part of hoteliers themselves—something that has happened before. The impact would only be felt in 1985, when the rate of repeat bookings would fall.

Boom year

Given another boom year, overall profitability at the four-star, five-star and de luxe properties should again improve. According to researchers Horwath and Horwath, the average gross profitability of London hotels rose from 24.5 per cent in 1981-82 to 29.9 per cent in the following year, while in the provinces it went up from 17.6 to 21 per cent over the same period. It looks as if there will have been a further improvement in the current year.

Greene, Belfield-Smith and Company, management and development consultants, also noted an improvement in profitability and rising tariff rates which might make for a further improvement. "However, we would reiterate the warnings that have already been made as to the key importance of restricting tariff increases and maintaining or improving our international price competitiveness if long term prospects are to be secured."

Some other sectors of the industry would like to be facing that sort of problem. In some areas, school meals for example, there is considerable doubt over the long term survival of the business. "We don't think that people realise how many suppliers, and thus how many jobs, rely on the schools meals service," said one industry spokesman. It is not just a question of the dinner ladies. Local smallholdings, bakers and grocery suppliers may all be involved.

But if institutional spending is under threat, there is no doubt that investment and job opportunities for the future are seen in the field of leisure. "Leisure and its share of people's disposable income is on the increase here and elsewhere," says the English Tourist Board's chairman, Mr Michael Montague.

"It has spawned a diverse industry in this country based on home-grown assets. It is a real opportunity for jobs and profits. Equally it could be another occasion where we are passive spectators from the post-imperial verandah, watching other countries snatch all the prizes and grumbling that it is not really fair. On this occasion we are not too late."

MAJOR UK HOTEL CHAINS
(ranked by number of rooms)

	No. of UK hotels	No. of rooms	Ownership
Trusthouse Forte Hotels	208	20,950	Trusthouse Forte
Inter Hotel	103	N/A	Consortium of independent hotels
Best Western Hotels	170	8,000	Consortium of independent hotels
Crest Hotels	54	5,500†	Bass
Thistle Hotels	39	5,097	Scottish and Newcastle Breweries
Queens Moat Houses	55	4,432	Queens Moat Houses
Mount Charlotte Hotels	38	4,274	Mount Charlotte Inv
Holiday Inns of America (UK)	17	4,036	Holiday Inns of Canada Commonwealth Holiday Inns
Embassy Hotels	42	3,561	Allied Lyons
Ladbroke Hotels	32	3,500†	Ladbroke Group
Swallow Hotels	31	3,000	Vaux Breweries
Grand Metropolitan Hotels (Intercontinental Hotels) (Forum Hotels	8	2,995	Grand Metropolitan
Comfort Hotels	14	2,900	Comfort Hotels Int
Virani	19	2,280	Virani Group
Rank Hotels	5	2,074	Rank Organisation
Reo Stakis Hotels	24	2,000	Stakis
Prestige Hotels	22	1,800	Consortium of independent hotels
De Vere Hotels	14	1,560	De Vere Hotels
Novotel (UK)	5	1,088	Accor Group
Norfolk Capital	10	1,000	Norfolk Capital Group
Anchor Hotels	34	1,000	Imperial Group Allied Lyons

† Beds

LEADING RESTAURANT CHAINS 1982-1983

Chain	Proprietor	Type	Outlets
Little Chef	THF	Misc.†	314
Berni Steak Houses	GM	Steak	248
Cavalier Steak Bars	Allied	Steak	118
Beefeater Steak Bars	Whitbread	Steak	100
Pizzaland	United Biscuits	Pizza	65
Toby Inns	Bass	Misc.	55
Olde World Inns	Stakis	Steak	30
Ladbroke Taverns	Chef & Brewer/THF	Misc.	28
Kardomah	THF	Misc.	26
Pizza Express	Independent	Pizza	25
Henekey's	THF	Steak	24
Pizza Hut	Whitbread-Pepsico	Pizza	24
Strikes	GM	Misc.	22
Garner's	Monseigneur Grills	Steak	20
Chaucer Inns	Courage/Imperial	Steak	16
Spaghetti House	Independent	Italian	15
Falstaff Taverns	Courage/Imperial	Steak	14
Angus Steak Houses	Thistle/Scottish & Newcastle	Steak	12
Garfunkel's	Independent	Misc.	12
Mario & Franco	Kennedy Brookes	Italian	11
London Steak Houses	Allied-Lyons	Steak	10
Quality Inns	THF	Misc.	8

† Miscellaneous foods (mainly steak/burger or steak/burger/pizza).
Source: Trade Estimates/Key note.

Arthur Sandles analyses the industry's increasing economic significance

Admitted growth potential . . .

BY ANY yardstick the significance of the hotels and catering industry in the economies of most nations today is huge. In Britain, if the views of Prime Minister Mrs Margaret Thatcher are any guide, it is at the heart of economic recovery.

The reasons for the sudden enthusiasm for the business are clear enough. Job creation is relatively cheap; demand growth is clearly the present pattern; the industry is a substantial generator of foreign currency; it is a substantial source of national and local taxation and it claims a rapid and impressive employment multiplier effect—jobs created rapidly provoke further jobs locally.

The continuing consumption of usually local furnishings, manufactured products such as crockery, and local skilled services, notably in the plumbing and electrics fields, by the hotel is often overlooked.

It is, naturally enough, the macro-economics, however, which tend to be the attention grabbers. In 1982 Britain's total earnings from foreign tourism alone (including payments to airlines and shipping companies) topped the £4bn level. This is likely to have risen considerably in 1983 and the forecasts for 1984 are optimistic. Domestic holidaymaking involves spending well in excess of £3bn. Although all tourist spending is not on hotels and catering, much of it is, and without a healthy hotels and catering industry the tourist flows would not be there.

In his last annual report the chairman of the British Tourist Authority, Sir Henry Marking, pushed the point home hard. "The National Exchequer receives more than £500m annually in VAT and other taxes from overseas visitor spending.

Sir Henry Marking, chairman of the British Tourist Authority: *his report calls for more tourist revenue to be reinvested in the industry*

Some of this revenue should be reinvested in tourism, either in tax concessions to the trade or in increased grants to BTA and other national agencies for additional investment in basic attractions such as the heritage, theatre and arts."

Sir Henry's view is that total foreign currency earnings from tourism are expected to reach £6.7bn by 1987, with the number of visitors rising to 15m.

Horwath and Horwath consultant Mr Jonathan Bodlender stresses the remarkably rapid effect that investment — and notably Government support — can have in the tourist industry, hotels and catering. A major reason for this is the speed at which tourist projects tend to come on stream. The contrast between a hotel/resort complex, for example, against a nuclear power station would be striking in terms of the speed of construction, the size of numbers employed and the spin-off to the local economy and government revenues.

LARGE HOTELS

Number of rooms	Outlets	%
200+	150	1.5
101-200	260	2.6
51-100	800	7.9
26-50	1,990	19.6
11-25	6,540	64.6
	9,740	96.1
Motels	300	3.0
Holiday camps...	90	0.9
	10,130	100.0

SMALL HOTELS

Type	Outlets	%
Guest houses ...	20,090	46.7
Bed and brkfast.	18,110	42.1
Farms	4,800	11.2
TOTAL	43,000	100.0

Source: Marketpower.

"We calculate that in England government obtains a very rapid claw-back of any investment it makes," says Mr Bodlender. "These investments are presently limited to a modest amount of grants or loans plus general accelerated depreciation allowances — allowances which are only usable against achieved profits —and so do not involve direct investment.

"Against this, government has an immediate cash flow return in the form of payroll taxes, social security payments and VAT — all increased by the multiplier effect in support industries (the "multiplier" is the number of other jobs created as the result of primary job creation). We calculated that the claw-back to government on its tourism investments represents a 100 per cent return on its investment within 24 months."

One of the biggest economic advantages of the industry is its ability to employ large numbers of relatively unskilled staff. Increasingly, thanks to the marketing efforts of the business, these staff are employed on a year-round basis. On present forecasts the industry is looking to a rise of around 170,000 in its workforce over the next five years. Even the introduction of new technology, as much a feature of the catering business as it is of others, is not thought to be entirely negative, particularly in smaller establishments.

"The introduction of new technology simply means that existing staff have to learn how to use the new equipment. Manpower is not normally displaced and rather than a widespread process of de-skilling occurring, as has often happened with the introduction of new technology in other industries, there has been an extension of people's repertoires and of skills," says a recent detailed report on manpower in the business.

In fact the industry is concerned about a lack of manpower, particularly in the higher skilled sectors. "There is still a tendency for careers advisers to say to school leavers, 'you have not done very well, why not try catering.' But those are not the people we are looking for."

The key to the future of the hotels and catering industry in terms of its place in the economy will to some extent depend on how it is perceived by those who have power over it. If the industry is regarded as one of a transitory impact—in that if sterling were to revive against the dollar, or employment rose to levels at which potential employees had a range of options—then it is unlikely to flourish. There are signs that this may no longer be the case.

. . . merits Government response

IT WAS once said wryly to *me by an industry leader who* was trying to catch the ear of government at the time that the problems with hotels and catering was that there were no votes in it. This perhaps cynical view was based on the fact that even in those days —and it was decade or more ago—although government, both central and local, was interested in the revenue and foreign currency which could be earned from tourism, voters themselves tended to regard new hotels, new hamburger houses and new holiday camps in much the same way as gypsy encampments and refuse dumps — we may need them but please put them in someone else's back garden.

The difference today is probably that the returns nationally are of such consequence, that it is no longer the case that tourism can be ignored or treated as a peripheral activity in a real world of manufacturing and the "muck and brass" industries.

Obviously it is in the field of employment that the strongest chord is being struck. A report produced recently for the Education and Training Advisory Council predicted that the industry as a whole would continue to be expansionist as far as employment was concerned for years to come. "With the exception of the industrial catering section all the other sectors are growing. In fact they are employing more people every year, which, in my opinion, is quite dramatic when compared to the national unemployment figures during the past five years; and they are projected to continue to increase," says *Mr Dick Turpin*, managing director of Grandmet *Catering Services and a leading* light in the industry's training programmes.

"This, I believe, makes our industry one that should receive greater recognition from government. The hotel and catering industry is a growth industry."

Mr Turpin may not be casting his seeds on altogether stony ground. Mrs Thatcher herself recently told leaders of the industry: "Tourism is already one of our biggest industries. Its overseas earnings, in excess of £3bn, are equivalent to our total exports of road vehicles. Moreover, it has the potential to improve in its performance."

Increased leisure

She went on: "With increased leisure, higher real incomes and earlier retirement, tourism in the next decade will be one of the great growth industries."

Even in London, where the local population has shown antagonism to further developments, particularly of hotels, the Greater London Council which is controlled by a group whose political philosophies might not be perceived as sympathetic to leisure-based industries, particularly one which leans so heavily on the middle and upper sectors of the market, has shown considerable sympathy of late. The threatened withholding of funds for the London Tourist Board has apparently been quietly dropped, talk of a bed tax is now rarely heard and there is enthusiastic promotion from County Hall for London as a centre for both Britons and foreigners to visit.

But it is to Mr Norman Lamont, the Industry Minister *directly responsible for much* which affects hotels, catering and the tourist business, to whom the industry must largely look for sympathy—and above all action. Mr Lamont appears at the moment to be getting a cautiously friendly reception. As long as he keeps calling tourism "a resourse we can ill afford to neglect" this friendliness is likely to continue.

An indication that there might be more than words from the Government has come recently in the form of the White Paper on regional policy. This spells out a new interest in the service industries. In particular it records the fact that Government is keen to have outside opinions on what sort of support the service industries should have, particularly in the field of incentives.

There is a mixed view of the last major intervention by Government into the catering business. A little over a decade ago a grant scheme offered substantial support to hotel developers. New projects sprouted throughout the country. Much *of the nation's* more modern bed-stock, and most of London's can be traced back to this action. The big question is whether this growth would have taken place without Government action or whether today we would be stumbling along with ageing hotels and a much reduced tourism business.

One trend which seems likely to emerge is that grants and support in the future are much less likely to be on the scatter-gun principle. "If we anticipate correctly the Government's regional policy will be much more selective and grants discretionary rather than available *automatically*," *says Mr Michael* Montague of the English Tourist Board.

Mr Montague was speaking at the launch of a new company, Leisure Development, which is funded by five City institutions and run by two well-known catering industry figures, Mr Robert Upsdell, formerly of the Ladbroke Group, and Mr John Knight, one-time EMI Leisure director. Leisure Development sees much of its role as helping to bring together entrepreneurial expertise, institutional money and such governmental support as may be available.

Successful launch

Clearly others like Mr Montague would like to see more help in drawing the strings together. "The successful launch of this fund is a unique example of public and private sector cooperation and a venture which, through access to high-quality advice, will help strip away the suspicion surrounding leisure and tourism investment, a suspicion almost universally founded on lack of expertise in assessing the true potential and performance of one of this country's future winning industries."

There are some in the business who will say that if it is to continue to be a winning one then Government may have to bite on the bullet and start treating it on the same basis as manufacturing, notably in the field of industrial building allowances, where the hotels rate is 20 per cent and industry 75 per cent. But at least the signs of encouragement are there.

Swing to fast-food outlets provides more opportunities for the sector, says **David Churchill**

Catering for changing tastes

THE CATERING industry has had a tough time over the past few years. Not only has the recession hit the market because of fewer people in work and less spending money around but there have also been some underlying shifts in eating habits which have changed the structure of the industry.

The growth of fast-food outlets and the greater willingness of pubs to offer decent food, for example, has meant that traditional catering outlets have suffered.

According to a recent survey from the Institute of Grocery Distribution, the number of catering outlets has fallen by 17,700 over the past 10 years to reach some 318,200 at present. By 1993, it is forecast that this number will have been reduced by another 14,000.

At the same time, however, these shifts in the market have opened up new opportunities for companies able to spot the new trends. Over the past decade, for example, British consumers have become more willing to experiment with continental cuisine and exotic drinks as a consequence of more exposure to foreign travel. Moreover, there are now more women in the workforce than a decade ago in spite of the slump in employment.

More women workers and more foreign travel—allied to a rising living standard for those in work—have meant the growth in popularity of such drinks as lager, rum and white wine.

£16.1bn spent

More working women and the changed social patterns involving the young has also brought changes in traditional family lifestyle—hence the popularity of eating out in fast-food or other types of new food outlets.

The size of the total catering market is open to some conjecture since it depends whether you include such areas as food and drink provided by hotel room service or food served up to those detained in prison at Her Majesty's Pleasure.

One estimate, produced by the Euromonitor market research company, suggested that total consumer expenditure on catering in all forms amounted to some £16.1bn in 1981, or £11.1bn at 1977 prices.

Of this total, some £5.5bn went on food catering, almost £4bn on accommodation, £5.3bn on drinks, and £1.4bn on other forms of catering.

Euromonitor also calculated that there was some £3.8bn spent on "institutional" catering, such as schools, hospitals, and prisons.

The IGD survey of the catering industry, however, tackled the problem of market definition in another way. According to this survey, caterers bought some £3.4bn-worth of food last year and spent some £250m on alcoholic beverages. Hotels in particular were found to have spent some £808m on food and beverage purchases, or just over 20 per cent of the total spent by caterers.

Another key measure of the catering market, the IGD suggests, is the total number of meals which are eaten. The IGD definition of a meal was "any transaction involving the use of a dinner plate or take-away pack."

Accordingly, the survey found that meals worth a total of £7.6bn were eaten a year. Hotels accounted for only 325m meals, or 4.2 per cent of the total, with educational establishments, cafes and canteens dominating the market.

The IGD's survey also revealed that out of the total 318,000 catering outlets, the hotel trade accounted for some 53,000 or 16.7 per cent of the total.

Further analysis of the IGD figures for the hotel sector shows that smaller hotels predominated in this figure. There were some 43,000 hotels with fewer than 10 rooms and these purchased, in total, some £181.8m worth of food and £8.6m of beverages. There were 6,540 hotels with between 11 and 25 rooms who bought £157.7m worth of food and £42.7m of beverages.

Hotels with between 26 and 50 rooms numbered 2,290 and accounted for £136.4m of food bought and £38m of drinks. The largest hotels and holiday camps totalled 1,300 and accounted for £18.1m of food and £54.8m of beverages.

The IGD survey forecasts a decline in small hotels over the next decade.

"Food purchases are expected to fall as well, mainly because we believe customers will be attracted by cheaper meals in competitive establishments," says the survey.

"Hotel purchases of food and beverages are also affected by business confidence reflected in room occupancy and meals eaten by businessmen . . . as well as the impact of tourists who account for about 30 per cent of all meals eaten in hotels."

In spite of the size of the total catering market, there is apparently considerable scope for further growth in eating food outside the home. Various market research surveys have shown that eight out of every ten people surveyed had not visited a restaurant of any type during the week previous to being asked, or a third of consumers claim never to eat in snack bars.

Scope for growth

Another survey by the British Market Research Bureau and Mintel found that the incidence of consumers eating take-away food was much higher. Some three-quarters of this survey claimed to have bought some type of take-away food within the previous month. Not surprisingly, fish and chips was the most popular—bought by nearly half — followed by Chinese, chicken and then burger meals.

Although the fast food outlets have captured most of the attention of the catering world in recent years, the dramatic growth is unlikely to be maintained. Instead, the areas most likely to show growth are the pub and club markets where quick service meals will increasingly be served with drinks.

THE CATERING MARKET

	No. of Outlets	%
Hotels	53,130	16.7
Restaurants	13,400	4.2
Pubs	73,210	23.0
Fast Food	1,180	0.4
Travel	220	0.1
Cafes and Take Aways	37,670	11.8
Clubs and Entertainment	60,630	19.1
Canteens	26,050	8.2
Health Care	11,930	3.7
Education	37,720	11.9
Public Services	3,050	1.0
TOTAL	318,190	100.0

Source: Institute of Grocery Distribution

McDonald's

WIMPY

Kentucky Fried Chicken

SUMMARY OF FOOD PURCHASES

Sector	£m	%
Large hotels......	482.2	14.2
Small hotels......	181.8	5.4
Restaurants	214.6	6.3
Pubs	298.1	8.8
Fast food	115.5	3.4
Travel	48.5	1.4
Cafes	165.8	4.9
Take aways	304.6	9.0
Clubs	60.7	1.8
Entertainment...	118.8	3.5
Canteens	375.3	11.1
National health .	525.5	15.5
Private health...	32.0	0.9
State education .	365.2	10.8
Private educatn.	52.2	1.5
Public services...	20.0	0.6
Welfare feeding	24.2	0.7
TOTAL	3,385.0	100.0

£m are quoted at 1981 manufacturers' or produce suppliers' prices.

OUTLETS BY REGION

Region	Outlets	%
London	33,820	10.6
South east	22,333	7.0
Southern	15,089	4.7
West country ...	24,429	7.7
Thames Valley...	16,515	5.2
East Anglia	19,573	6.1
East Midlands ...	19,448	6.1
West Midlands...	28,104	8.8
Yorkshire	25,739	8.1
North West	31,789	10.0
Cumbria	5,134	1.6
Northumbria ...	13,874	4.3
Wales	25,029	7.8
Scotland	38,154	12.0
TOTAL	319,030	100.0

Source: Marketpower.

Plenty of jobs but level of pay is low

THE HOTEL and catering industry is highly labour intensive and employs nearly one-tenth of the entire British workforce.

The last detailed employment survey—carried out in 1977—estimated total employment at 1.7m. With local authorities and the NHS included the number rises to 2.1m.

Most observers believe that that figure has held steady during the last few years bearing out the widespread assumption that service industries are going to provide an ever increasing proportion of employment.

Recession-induced rationalisation has led to a degree of job shedding in pubs, hotels, industrial catering and particularly restaurants but that has been partly compensated for by job creation in fast food outlets and increased demand.

The Hotel and Catering Industry Training Board estimates that employment in the industry will increase by 10 per cent over the next five years fluctuating between optimistic and pessimistic estimates of 14 per cent and 4 per cent respectively.

The main areas of jobs are hotels and guest houses (500,000), restaurants and cafes (300,000), industrial catering (150,000), pubs and clubs (570,000) and local authorities (380,000).

Mr Frank Bird, personnel and training adviser to the British Hotels, Restaurants and Catering Association, says that labour costs on average account for about 30 per cent of turnover—much higher than most other industries.

That is one reason why low pay appears to be endemic in this sector. Other reasons include the large number of small, family employers; the structure of the workforce which is highly mobile, more than 50 per cent part-time and nearly 75 per cent female.

Marginal

For the same reasons unionisation (outside of local authorities and the NHS) is marginal. The biggest is the Hotel Workers' union, part of the General, Municipal and Boilermakers, with between 30,000 and 35,000 members.

The Transport and General Workers Union and the Union of Shop, Distributive and Allied Workers also have a few thousand members between them.

Recruitment and retention of members is a constant struggle. The unions have national agreements with a handful of the larger hotel chains such as Grand Metropolitan, Crest and Thistle—but actual membership is often below 25 per cent even in those establishments and there is only one closed shop (at Butlins).

Some groups such as Trusthouse Forte positively discourage unions.

There have been a few high profile recognition battles in recent years most notably at the Garners Steak House chain in London and at Claridge's both of which were lost by the unions. They have done better at conference resorts like Scarborough and Blackpool where the wider trade union movement has been able to exert influence.

Union membership reached a peak just before the 1979 election but despite numerous recruitment drives (another is planned soon) it is not likely to increase substantially in the near future.

Union officials however have an influence far beyond their tiny memberships as the main employee voice on the industry's three wages councils. The councils will continue to lay down minimum rates for the industry until at least the end of 1986 when they face abolition.

The Licensed Residential Establishment and Licensed Restaurant Wages Council — which covers about 500,000 workers — provides an adult minimum of £64.80 for service workers (£58.80 outside London) and £75.20 (£69 outside London) for "other workers." Service workers get less because they are expected to receive tips.

The Unlicensed Places of Refreshment council covers about 200,000 and provides a minimum of £65.66 for non-service workers. The licensed non-residential establishments—essentially pubs and clubs—provides a minimum of £65.90 for 550,000 people.

Of course many skilled and semi-skilled workers receive considerably more than that. The new earnings survey, for example, gives average weekly earnings at £70 for women and £90 for men—although that is based on larger work-places but a large minority actually receive the minimum.

Union complaint

The average union agreement gives a basic of about £76 but Mr George Lawson, general secretary of the hotel and catering section of the GMB, says the average income of a waiter today is 43 per cent of the male average compared with 67 per cent of the average in 1947.

Another complaint from the unions is that four out of 10 establishments covered by wages councils pay below legal rates and only a small number are prosecuted every year. The employers say that although the number of wages inspectors has been cut they still inspect about 10 per cent a year and that over half the cases of underpaying are technical misunderstandings. They also argue that in terms of the number of employees affected the prosecution level is tiny.

According to the unions low pay leads to low productivity and an inadequate career and training structure. But there is now a steady decrease in casualisation and training in recent years has been expanding steadily.

Only 12 per cent of the workforce now have any kind of catering qualification and many employers complain that catering colleges are producing too many managers and not enough craftsmen.

The present training courses in colleges of further education, polytechnics and universities, are however expected to turn out 80,000 qualified people over the next five years which amounts to about 40 per cent of the 200,000 new trained personnel needed.

Qualifications are—as you would expect—unevenly spread covering 6 per cent of operatives compared with 52 per cent of managers. The sector with the highest proportion of qualified people is hospitals and the lowest is pubs and clubs. Men tend to be more qualified than women and younger people more qualified than older.

One thing that most of the workforce has in common is a high degree of flexibility. A recent ETAC survey showed that two-thirds of its sample worked in at least three out of six basic work areas.

David Goodhart

Facelifts for London hotels: left to right: residents' lounge at the Grafton, one of the Edwardian Group; lobby lounge at the London Hilton and the Michelin-starred Chelsea Room at the Hyatt Carlton Tower

Glossier image for Park Lane

WHATEVER ELSE London has seen over the past couple of years in the hotels and catering business the underlying theme has been change.

Ownerships have changed, hotels are changed as the groups indulge in extensive refurbishing and development schemes, new restaurants and fast food outlets have opened, pubs have been upgraded, the wine bar boom has levelled off, institutional catering has been under threat and industrial caterers are finding companies more demanding but less enthusiastic about heavy subsidies. Apart from all that life has been relatively quiet.

Clearly the most spectacular and intriguing developments have been on London's Park Lane strip, where the various hotel owners have been pouring an unprecedented amount of money into their properties. At a conservative estimate some £30m has been spent over the past two or three years, not to build more rooms but simply to upgrade those rooms which are already there and to provide additional facilities.

Peak of iceberg

Park Lane may be regarded as simply the glossy peak of a huge iceberg, but it does serve to exemplify the London hotel business at the moment—better occupancies, a more discriminating custom and high investment.

The fortunes of the strip began to change a little over two years ago. Both sales and operating profits have been increasing steadily since then and, perhaps more significantly, according to researchers Greene, Belfield-Smith and Company, the rate of increase in profits has been somewhat greater than the rate of increase in tariffs.

This confirms that either occupancy levels have been increasing, or that ways have been found of increasing efficiency. In fact both seem to have been the case.

Just as fortune has begun to smile again in terms of the number of visitors, so hoteliers have been finding ways of maximising their resources. A classic example is Trusthouse Forte's flagship, the Grosvenor House, which has seen a £6m spend over the past couple of years.

Much of this money has been spent backstage, on such projects as improved air conditioning, but the transformation of the huge ground floor area into lively, and revenue producing, sector of the hotel is obvious to any visitor.

Grosvenor House's moves in replacing its two former restaurants with three, including THF's new prestige restaurant operation, Ninety Park Lane. There seems little doubt that Lord Forte was keen that the Grosvenor House's catering should not be overshadowed by the Dorchester's Terrace, which has been picking up praise and custom over the last couple of years.

Big spenders

Latest of the big spenders is the Hilton, oldest of the new wave of post-war hotels on the strip. Hilton is spending around £5m, and again there will be a strong emphasis on catering. The old Tavern is going, and will make way for a much enlarged lobby but also one which serves food. The first floor lounge area, used as the Patio bar and light food section of the hotel, is making way for a new British Harvest restaurant.

Obviously the trend is infectious. The Inter-Continental is revamping its Hamiltons disco, bar and restaurant and planning the introduction of a new supper club.

All these developments are an indication of the ways in which the major hotels of the city are expanding and investing at the moment. The move is by no means confined to Park Lane.

The Savoy has just completed major changes, including a rethink of the menu, at its legendary Grill, the Hyatt Carlton Tower is completing major renovations and the complete reconstruction of the lobby area and the Britannia is seeing substantial works on its ground floor.

The picture in other sectors of the market also suggests substantial investment, although overall it must be said that two, three and four star properties have shown only a marginal recovery in traffic so far when compared with the de luxe end of the business.

Ownership changes

Much of the investment has been the result of ownership changes. For example, no one had ever heard of Mr Jasminder Singh when he bought the Vanderbilt Hotel in the Cromwell Road in 1978. Today the energetic Mr Singh and his Edwardian Group has six London properties, including purchases from Grand Met and Crest. Over the past 18 months he has spent £14m on refurbishing.

It is clear from this, and numerous other London projects that there is considerable confidence for the coming few years. The one thing that could upset the picture is a sudden upsurge in the value of sterling.

Arthur Sandles

Antony Thorncroft explains why brighter times are expected

Provincial bookings pick up

BRITAIN'S PROVINCIAL hotels shook off some of the depression of recent years in 1983. Business did not increase as much as in their London counterparts but the English Tourist Board, which monitors occupancy, was able to report that in September, the last month with a record, countryside hotels were registering an occupancy of 64 per cent, a 2 per cent rise on 1981, and small town hotels were 4 per cent up at 70 per cent.

Even seaside hotels were reversing their declining trend and only hotels in large towns, with a 63 per cent occupancy, showed no growth.

September was a particularly good month, but the charts showed rises on every month of 1982 and suggest that the new companies moving into the provinces were both shrewd in their development and right in their marketing approach.

A shake up

Provincial hotels, until recently, had a poor image, sharing the reputation of London hotels for being expensive yet offering lower standards. But the constant buying and selling of hotels, as well as the construction of new ones, has brought into the business companies, both British and foreign, which intend to shake off the past and to raise the appeal of their hotels by investing in improvements and selling them more energetically in the two obvious growth areas—to the business traveller and the conference trade, and as the venue for a short break holiday.

It is estimated that the number of trips spent on short breaks is fast approaching the 40m level involving four nights or more occupancy.

The hotels most favoured by the business traveller, such as the Crest chain, have noticed a pick-up in trade since the summer, very much in line with the slow improvement in the economy and corporate confidence.

Trusthouse Forte, by far the largest hotel chain in the country with over 180 outlets, has recorded slight growth in the provinces, although nothing like the improvement in London, and believes that its spread of custom — half business, half leisure — and its spring decision to freeze prices until March 1 1984, has enabled it to survive the recession and still remain expansion-minded: it opened in Cambridge and Leicester last year, and opens at Wrotham in the spring.

THF reflects the traditional hotelier. Its one-time rival, Grand Metropolitan, has virtually withdrawn from the business, selling most of its hotels to Queen's Moat Houses, and a new generation of hotel chains is investing heavily in improving the UK's provincial hotels, Crest, a Bass subsidiary, bought the Esso and Centre groups, and has spent £15m on refurbishment. It now has over 50 hotels.

Other brewers are equally busy. Thistle, part of Scottish & Newcastle, has 39 hotels and is a vigorous marketing organisation; Swallow (part of Sunderland-based Vaux Breweries) now owns over 30 hotels; and Embassy (Allied Breweries) 40. Along with the active Ladbroke Group, Mount Charlotte, Norfolk Capital, and the Metropole provincial hotels are being progressively modernised and turned into leisure centres.

To some extent they are following the path of the American international hotel groups who have also recently discovered the provinces. Holiday Inn was the first off the mark, at Leicester in 1972, and the swimming pools it regards as mandatory, are now being copied by its British rivals. Holiday Inn has 17 hotels in the UK and plans to build another 550 rooms over the next six years (at £40,000 a room).

Ambitious plans

Sheraton is even more ambitious, with a programme of eight hotels by 1989, at £50,000 a room; and Ramada, which has just opened at Reading, plans 10 more hotels in the next decade in an £80m drive. Unlike the British companies the Americans are concentrating on the top end of the market, perhaps influenced by the success of London's luxury hotels.

But while American business considers the provinces to be a happy hunting ground, North American tourists rarely stray there. Only 12 per cent of bookings in countryside hotels last year were made by overseas visitors: international marketing has yet to repeat the success of the domestic sales drive. In 1982 short holidays in the UK generated £625m, and the 1983 figure will be much higher.

All the hotel chains are developing schemes to attract the British for a second holiday at home. Even the hotels which retain their independent ownership are marketing themselves with American panache, in particular the 170 hotels in the Best Western consortium and the 100 in Inter Hotel.

The individual hotel, or small groups, can more than match their bigger rivals. This is particularly true of Gleneagles Hotels, the three in Scotland headed by Gleneagles, the only five star hotel north of the border. Since they were sold by British Rail in 1981 over £6m has been spent on modernisation, and Gleneagles on its own produced a £1m profit by the end of 1983.

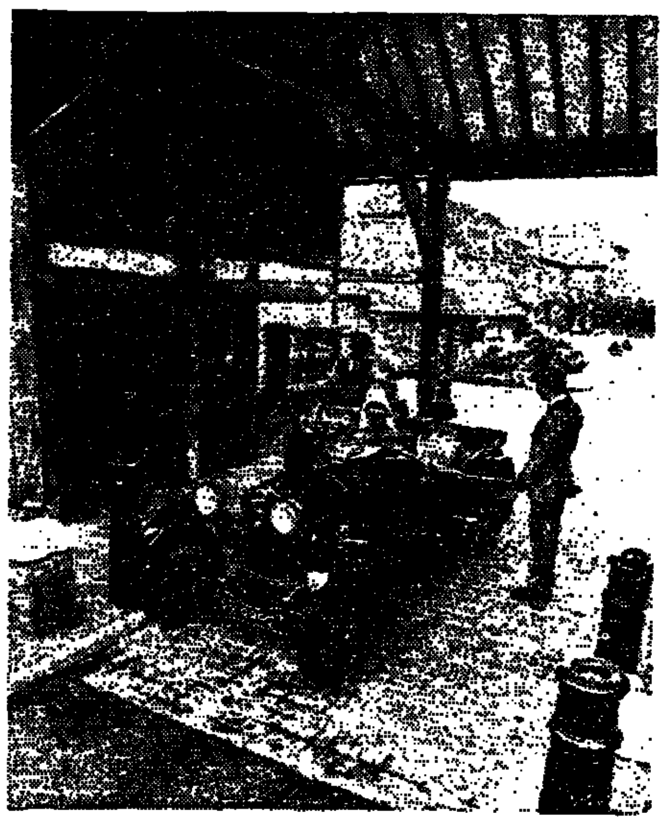
Gleneagles is now open all year round, but has still raised its occupancy by 2 per cent to 62 per cent in 1983. It has a custom built conference suite with audio visual and simultaneous translation facilities and there is a £1.5m country club for interior sports and recreation. The group is now being actively pursued by Arthur Bell and Sons, the Scotch whisky distillers who have put in a bid worth more than £20m.

While Gleneagles is developing at the top end of the market humbler provincial hotels are working more modestly. Modernisation and extra rooms to existing well-sited hotels rather than green field building is the approach of many groups, although there is also a rash of new hotel construction.

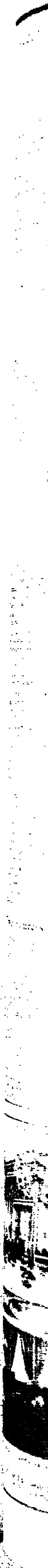
There is a danger that provincial hotels might copy London and raise their prices above the inflation rate: some did so in 1983. But, in the main, increasing competition, helped by both American experience and the marketing skills of new owners, will ensure that standards will continue to rise, even ahead of prices.

Entrance to the Ghyll Manor Hotel at Rusper, near Horsham, Sussex. Below: four-poster accommodation.

Glyn Genin



Country house-style arrival at the Copthorne Hotel, ten minutes drive from Gatwick Airport.



Executives are being wooed by hotel chains. **Antony Thorncroft** reports

Big marketing drive

HOTELS WERE late into marketing but now they are catching up with a vengeance. The new groups that have moved into the industry in recent years have concentrated first on rationalising their outlets, and investing heavily in the best properties, to bring them up to a uniform standard.

Now they are starting to tell the world, or at least the business customer, that British hotels are capable of comparison with their overseas competitors.

The activities of Thistle and Crest are typical. Both groups are owned by brewers, Scottish & Newcastle and Bass; both have spent substantial sums, £24m and £15m respectively, on raising the standards of their hotels so that the visitor now knows what to expect from the chain. The uniformity of product is the first step in the marketing programme.

The second is to add the name Crest and Thistle to all the hotels and convert the outside appearance so that any passer-by can immediately recognise the brand. This can be an expensive business: Thistle is spending £5m on such externals as signs, flags and exteriors. Only now can the companies consider advertising, with the business community their likely first targets.

An upturn in the economy has convinced the hotel groups that executive travel is the key to profitability. Guests on holiday are mainly sought for short weekend breaks to fill the rooms vacated by the businessmen. This makes good economic sense: executives, through their companies, pay either the full rate or close to it while the short breaks are useful in contributing towards the hotels' running costs.

Discounts

The main drive towards the businessman is through corporate discounts, or executive clubs whereby cardholders qualify for savings and also rewards — such as weekends for the long suffering family after so many bookings. Most hotel chains now run such schemes, and some have taken the marketing to the executive even further by establishing floors in their hotels geared for the corporate traveller, who is also encouraged to book in at a special desk.

Thistle is about to launch a network of small, four-star hotels in attractive country house settings aimed at the businessman: it feels that the big groups are too broad to specialise in the market, and the independents lack the resources.

Crest is making a play for the woman executive, with special bedrooms in its city centre hotels earmarked for women guests. They have Laura Ashley designs and items such as hairdryers, make-up mirrors, shampoo and women's magazines.

The independently run hotel, or small chains, are competing with the well financed newcomers by amalgamating their marketing efforts. Best Western Hotels, the largest consortium, now has 170 member hotels and 8,000 rooms, making it second in size to Trusthouse Forte.

It has been so successful in promoting the fact that a group of independent hotels can offer assured standards that recent research suggests that 15 per cent of its customers book because they are aware that the hotel is a member of Best Western, and 42 per cent know of the fact before they arrive.

Best Western's hotels are scattered around the country, and more are in holiday areas than the chains. Half their custom is from tourists. It is thus more dependent on the short breaks which are seen as a growth area: in a year the consortium offers over 200 specialist breaks, ranging from weekends built around sailing or tennis, to food and the theatre.

The English Tourist Board's own "Lets Go" short holidays attracted 400,000 customers, and £20m direct revenue to the hotels in 1982-83: the hotels own efforts must have multiplied this income many times over.

Marketing for businessmen; marketing for short breaks — and building up an international network: this is the third prong of the hotels' sales effort. At the moment THF is one of the leading British hotel chains which owns enough hotels overseas to be able to market the UK directly to foreign markets.

N. American guests

Last year it estimates that 250,000 of its guests came from North America, and it is particularly successful with its chain of 18 exclusive hotels worldwide, which maintain close links.

THF has had mixed experiences with advertising, sometimes spending a fortune across the board, sometimes, as now, concentrating its effort on the business market. As a sector, hotels are not heavy advertisers. Advertising is likely to be a future development, the natural consequence of having something worthwhile to promote.

The reality that is needed to make a dream come true

There's a small hotel . . .

IT WAS just over ten years ago that Derek Winsor decided he would like to own and operate a small hotel. Now he is established in the thriving Haven Hotel on the outskirts of Esher, one of Surrey's plusher suburbs.

As befits the former marketing co-ordinator for P and O's Passenger Division he was clear about his aims: to find an hotel with the right location and to operate a pricing policy pitched in the middle range.

He and his wife, Valerie, took some time to find the Haven Hotel but as the fiscal table shows they can now look back knowing that they have made a success of the venture.

"If you get it right you can create a pleasant living for yourself and family and retain your independence. But don't expect to make a fortune," is how Mr Winsor sums up his achievements.

He also feels that it probably needs five years at least to operate the hotel before deciding just how successful the venture is. It would be possible to continue to make a profit with an established hotel for the first two or three years but failure to invest in such things as decorating and improving facilities would eventually show through in the returns.

Trevor Humphries

Derek Winsor, owner of the Haven Hotel, Esher: he found the right route to success

Two sources

Although the sums might seem large it should be borne in mind that any notional value of the hotel, estimated at £375,000 — after paying whatever Capital Gains Tax would be due on part of it — would have to provide any income for his family. If he had stayed with P and O he could have expected a substantial pension.

Business comes from two sources: a handy local meeting place for local small firms, business organisation lunches and family gatherings — there were more than 20 guests there attending a local bar mitzvah the weekend I visited the hotel —and regular tourists from as far afield as South Africa and Australia.

For them, the hotel is conveniently situated for London, about 13 miles away, and such places as Hampton Court Palace and Sandown racecourse. Mr Winsor's former links with P and O are made use of in attracting tourists from abroad.

By pitching his charges at an average of £31 for two (bed and breakfast) he finds he can maintain average occupancy of the 20 bedrooms at 83 per cent, a level which many hoteliers might envy. As his capital expenditure suggests he has maintained a high level of refurbishment and can now offer completely private facilities for 62 per cent of his guests.

As well as a regular staff he is able to draw on part-timers and his rosters are drawn up well in advance so that he can deal quickly with any emergencies. "Staffing is no problem," he says for there is actually a waiting list for jobs in the hotel.

He now has three managerial staff — two men and a woman who live in the hotel while he and his family live in a house in the grounds.

He also operates a bar that is restricted to residents and people using the dining facilities.

Mr Winsor also works as a counsellor for between 100 to 150 days a year for the Small Firms Service of the Department of Trade and Industry. His task is to advise would-be entrepreneurs and existing businesses on the viability of their projects. His field, of course, is not confined to hotel management. In addition, he is a local magistrate and a member of several local organisations.

Does he have time for holidays? "We go away at the busiest time for the hotel," said Mr Winsor. A sure sign of a smoothly-run business.

Arthur Dawson

HOTEL COSTS

		£
Original purchase price (Sept. 1973)		90,000
Capital expenditure (from profits)		143,000
		233,000
Original bank overdraft		35,000
Present overdraft		30,000
Original capital		55,000
Notional hotel value		375,000
Less overdraft		30,000
		345,000
Increase		290,000
Capital gain payable	375,000	
	−233,000	
	142,000	
	at 30%	42,600

The Retail Price Index is estimated to have risen three and a half times what it was ten years ago, so that the original price would now be equivalent to about £315,000.

Arthur Sandles says more services are now offered the businessman

Floor show for the top executives

IT WAS probably the oil crisis of 1974 which first put the business community and the hotel business on to lines of thinking which have coincided in recent years to produce the industry's approach to the business traveller today.

The sudden rise in transportation costs made corporate treasurers look once more at the cost of their travelling; the hoteliers, waving goodbye to a holiday market shocked by rising prices, suddenly realised that business traffic could be a solid dependable source of revenue, winter and summer.

During the past four or five years this dual thinking has produced its most remarkable results. Companies and individual travellers are now wooed with special offers, special rooms, discount schemes and prizes for regular custom. Pretty well every hotel group now has a "club" scheme of some sort, with gradually increasing benefits according to the size of the account.

There is little doubt that the schemes work, but there are risks involved. There are those in the industry who have felt that discounting on corporate cards was becoming too large.

When this happens a total is tempted to improve its real revenue by the Alice in Wonderland tactic of increasing the published tariffs (which few people are paying) in order to maintain a reasonable return from business visitors who are getting 30 per cent off the official rate.

The risk is mentioned in the past tense simply because the present revival in hotel fortunes has tended to enable hotels to harden their demands on customers.

Meanwhile, on the consumers side, *industry generally still* seems to demonstrate a woolly view towards its use of hotels. While *air travel and car rental* seem to have been rationalised, with careful ground rules and checks on budgets, hotel spending is often still the province of executives themselves or *their secretaries.*

"It is remarkable how many companies have no idea how *much they are spending on* hotel usage each year," says Mr Miles Quest, a specialist writer *in the* hotel and catering industry.

For the company, of course, business usage of an hotel offers peculiar problems. While it is relatively simple to keep track of car rental and airline ticket purchases, keeping tabs on executive spending in an hotel, even when the room has been centrally booked, is extraordinarily difficult.

Marketing battle

The marketing battle between Trusthouse Forte and Thistle Hotels over recent months, both of whom have been heavily promoting their business travel services, indicates the way in which the industry is trying to help corporate customers to overcome this problem — and thus win more custom for themselves.

Both systems, and many of their rivals, have regular detailed billing systems which *allow travel departments*, or financial controllers, to see exactly who is spending what. Traditional perks, like a Scotch or two after a hard day, can then be overlooked if the company chooses to overlook them but wrists can be slapped discreetly if things are getting out of hand.

Four areas of hotel development in recent years can be put down, to varying degrees, to the need to butter up the business traveller — club floors, with special rooms for the business visitor, business centres with telex and secretarial aids, health clubs and the proliferation of restaurants.

There was a tradition in the British hotel that visitors would only use the restaurant in the *absence of some* nearby alternative, particularly in London. That has changed.

The upgrading of restauarnts has been a notable feature of the hotel business recently and now the trend is to provide a variety of eating areas within a hotel. Not only have the hotels discovered that food can be a source of revenue, but also they have noted a tendency for business visitors particularly to remain within the hotel in the evenings. A variety of restaurants encourages this habit.

The health clubs and business centres speak for themselves. Business travellers are increasingly aware of their own weight and health problems and the new health centres which are opening tend to be heavily used.

Once again the trend is not entirely altruistic, health clubs are usually open to local custom and are therefore revenue areas *in their own right.*

Perhaps the most intriguing development has been the *growth of the executive floor.* We are now reaching the stage where most of the bigger city centre hotels are following this trend. The Hilton is the latest London hotel to do with the work, along with other extensive changes, is in progress.

Variety of needs

Again a variety of needs are met by the executive floor. Clearly the motivation for the hotel is that it is able to get a higher rate for the rooms involved and to concentrate its high spenders in one area and deal with them more satisfactorily. To the user it generally means better accommodation, isolation from holiday-makers and conventioners and a higher standard of service.

Clearly the move towards such floors in the bigger hotels was also partly motivated by a perceived change in demand from the higher echelons of the business community which were tending to move their *custom to smaller, more intimate* properties. The hotel within a hotel, which is the increasing trend, is meant to combat this move.

Symbol of the range of hotels and services available to the *business community through* Thistle Hotels. *This illustration* is in the group's new Business Service Directory just launched.

Hotels are offering tailor-made packages. **David Churchill reports**

Big business in conferences

CONFERENCES and exhibitions can be the life-blood for many hotels — filling not only beds which may otherwise be empty, but making use of conference rooms during the day and filling the bars and restaurants at night with expense account executives.

Increasingly, hotel chains are offering tailor-made packages for conference delegates. Crest, for example, has its "Meeting Places" scheme, while THF has "Meeting Points" and Thistle Hotels its "Conference Plan."

The reason for the hotel chains' interest is that the conference business has survived the recession of the past few years surprisingly well. For example, a survey of eight major conference towns — carried out by RPA Marketing and *Communications — found that* conference revenue reached £77.9m in 1982, an increase of 31 per cent on the previous year.

Another survey by RPA, commissioned by the British Tourist Authority, found that total UK expenditure on conferences and exhibitions in 1982 was some £638m.

Strong position

Exact figures for the industry, however, are difficult to obtain. Those that are available certainly support the trade's view that the recession has been weathered without too many casualties and is now in a strong position to take advantage of the economic upturn.

According to the survey commissioned by the BTA, the highest average earnings per *delegate were at provincial* hotels where £57.52 was spent including accommodation. This *was in contrast to the average* for municipal venues where the conference organisers earned £3.45 per delegate. The average delegate expenditure at London hotels was £38.70, while at residential conference centres it was £40.07.

There was a slight increase in the number of day conferences and residential conferences held in all types of venue, according to the survey.

The RPA survey on the eight towns — Bournemouth, Brighton, Eastbourne, Scarborough, *Torbay*, Harrogate, Sheffield, and Cardiff — found that the daily delegate's spend was £39.99 in 1982, compared with £28.24 in 1978. All the towns surveyed earned more than £4.6m last year from conference delegates.

Brighton, for example, earned a massive £29.4m from conference business during the year, with 138,000 delegates spending £48 per day at 641 conferences each lasting an average 3.5 days.

A recent report from the English Tourist Board also made clear that there is a considerable boom going on at present in new conference *facilities being built. Some 20* big conference and exhibition centres are due for completion in England, mostly by 1987. This is on top of 24 major conference centres and 18 exhibition centres completed, some by refurbishing, since 1975.

However, the ETB also warned that, even though the conference and exhibition trade is expected to grow, there might not be enough business to go round to ensure a ready profitability for every centre.

Hotels can often offer a better alternative to the purpose-built conference and exhibition centres — especially for the smaller conference or exhibition — because of the attractive packages of accommodation and facilities that can be offered.

Smaller hotels are also benefiting from the trend in conference organisation in recent years towards more specialist gatherings of senior management, politicians, or international delegates who prefer meeting in more convivial surroundings than regular offices.

Companies, for example, can bring together executives for a "brainstorming" session away from their normal distractions; talks between management *and unions can be kept* secret; and physical security can be tightened considerably — *especially important for* international conferences.

Trend welcomed

One part of the UK hotel industry has particularly welcomed *this* trend towards smaller conferences. Owners of select retreats in the country are especially benefiting from the needs of top executives who want to combine discreet business with pleasant surroundings.

Unilever, for example, has held conferences at Ragley, American Express and Aston Martin at Goodwood, Coca Cola at Leeds Castle, while Althorp —*home of the Spencer family*— has had engineers from Indianapolis as well as British Leyland Truck and Buses.

The English Tourist Board publishes a guide to 70 such places of interest which also offer facilities for conferences, receptions, exhibitions, and other business uses.

The country hotel is increasingly being run by top-grade management and staff — sometimes successful managers of large city hotels who have set up on their own and are using business contacts built up over the years.

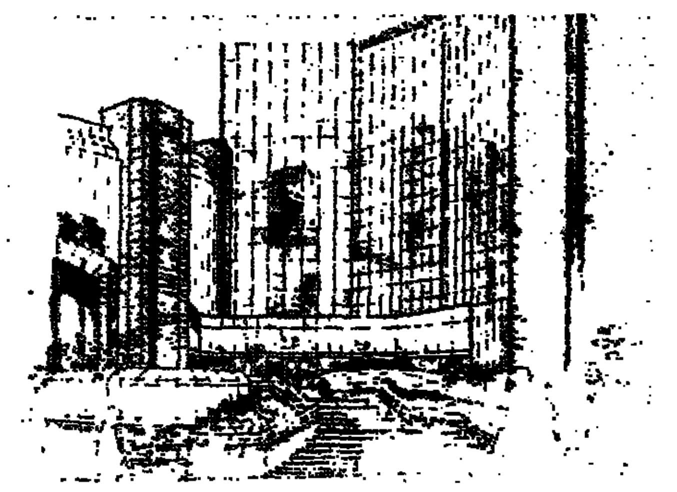
However, not all small hotels are able to provide the very high standards of accommodation and catering demanded by companies. The cost of accom*modation* is not usually the prime factor in choosing a small hotel, but the hotel must have fully equipped rooms, pleasant meeting facilities, and a top-class restaurant.

Often the hotel that can offer these facilities will win recognition in one or other of the top restaurant or hotel guides.

One dilemma for the country house type of hotel which gets involved in business conferences is the effect on other guests. In the same way as an hotel with 500 rooms can be swamped by a conference with 300 delegates, so a conference of only 15 can quickly take control of a 30-room hotel.

In spite of the growth in popularity of these "money no object" discreet type of hotels, not all companies have been prepared to spend the money during these recessionary times.

An alternative, which also has the added advantage of not wanting to turn away conference business in the high summer, is the universities. The British Universities Accommodation Consortium is the organisation responsible for marketing campus accommodation and facilities.



Artist's impression of the new Harrogate International Hotel, the first major hotel to be built in the spa town since the turn of the century. When completed in 1985 at a cost of more than £8m it will link with the conference Supercentre, seen on the left. Right: John Abel, managing director of the new hotel